GAMBLING COMMISSION

Annual Report and Accounts 2022 to 2023

HC 1211

making gambling safer, fairer and crime free

Annual Report and Accounts

For the period 1 April 2022 to 31 March 2023

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GAMBLING COMMISSION

Annual Report and Accounts 2022 to 2023

Introduction

Our annual report is split into three sections. The first section is our **Performance report**, which explains our purpose and reviews our work across 2022/23. The section includes an overview of gambling in Britain and sets out our key achievements and is split into the below sections:

1. Performance overview
2. Performance analysis

The second section is our **Accountability report**, which includes declarations regarding corporate governance, remuneration and staffing, and parliamentary accountability and audit reporting. In this section we also provide further detail about our internal structures.

The report concludes with our **Financial statements**, comprising our financial performance.

Contents

Foreword

The past year has been one of opportunity, change and innovation for Great Britain's gambling industry as we have continued to make progress against the objectives set out in our **2021-2024 Corporate Strategy**, underpinned by our statutory duties and driven through our five priority areas, which continue to be:

- protecting children and vulnerable people from being harmed by gambling
- a fairer market and more informed consumers
- keeping crime out of gambling
- optimising returns to good causes from the National Lottery, and;
- improving gambling regulation.

Here in the Commission's 2022 to 2023 Annual Report and Accounts, we update against the successful delivery of our second year of the strategy and the impacts the Government's recently published Gambling Act Review White Paper will have into the future.

The publication of the Gambling Act Review White Paper represents a once-in-a-generation opportunity to deliver specific change for gambling in Great Britain, but also builds on a significant, long-term programme of measures we already have in place.

We have effectively navigated the period between the launch of the Gambling Act Review and the publication of the White Paper and the uncertainties this brought, and we have juggled resources, workloads, and priorities to lay the foundation for the White Paper and its proposed actions.

This has put us in a strong position for the coming year. Much work has gone into our advice to the Government as its statutory advisors on the gambling industry. This advice, underpinned by a wealth of research and insight, reflects our own ambitions for a well-regulated industry. To bring these proposals to life, work has already begun on planning for the next steps for engagement with the industry and interested stakeholders to deliver against the Government's ambitions collectively and transparently.

We continue to effectively regulate the National Lottery. Ensuring that returns to good causes are maximised is a key objective and the **£1.79 billion** raised to support good causes in arts, sports, heritage and community projects during the year was extremely positive to see. The impact the National Lottery makes is far-reaching and an extensive amount of work continues to go into ensuring a smooth transition into the next licence.

Focusing on our core activity – regulation of the industry – this past year has been a high-profile one for the Commission. Our robust compliance and enforcement regime has continued at pace and has seen **£60.1 million** issued in fines or regulatory settlements to operators where we have found they are failing to protect their customers; this is over double the previous year.

This included our largest ever cases against William Hill Group, who paid a total of **£19.2 million,** and against Entain Group for **£17 million**, both of which were for social responsibility and anti-money laundering failures. We made clear in 2021 that we would take escalating measures against recidivist behaviour and that is exactly what we have done.

We took enforcement action against a total of **24** operators this past year, for breaching our regulatory requirements, but we saw many more working closely with us, as part of our improvement activities, to make themselves compliant. And for this, we thank them and their senior leadership teams, for being open to working collaboratively for the benefit of consumers, and to make gambling safe, fair and crime free.

One of the Commission's core aims is to be the trusted and authoritative voice on gambling, which is particularly challenging in an arena where there are many strong and often opposing views. During the past year, the Commission has engaged with an extensive range of stakeholders: Parliamentarians, campaign groups, charities, other government departments, international regulators, and partners, as well as operators and trade bodies. During the last year, the Commission had **220** senior-level meetings and engagements with stakeholders – the equivalent of nearly one every working day. Research and statistics are the bedrock of how the Commission regulates gambling in an environment that is always changing. During the last year, the Commission published the largest amount of research in our history, including Path to Play, Young People and Gambling report, and market impact data on gambling behaviour.

The overall headline problem gambling rate is statistically stable at **0.3%**. We have also successfully piloted a new Prevalence and Participation methodology this year, which will become the new standard for assessing the level of problem gambling as part of the new Gambling Survey of Great Britain.

In October 2022 we celebrated the 15th anniversary of the Commission's creation and whilst many things have changed considerably, some things remain the same. The Commission relies on high-calibre and engaged people who are carrying out highly complex and technical work in a wider environment that has become increasingly contentious in recent years. We are incredibly pleased to see that in the last 18 months, people engagement at the Commission has increased by **10%**, with the Commission achieving the Great Place to Work standard for the first time. Further to this, we were also named as one of the **UK's Best Workplaces**, as a further testament to the efforts made in this area. There has been a high level of staff turnover across the public sector since the pandemic and we are pleased to see that the number of people leaving the Commission for other roles had reduced by **35%** at the end of the year. We also successfully filled **123** posts across all areas.

After an immensely demanding but successful year, we would like to end by thanking everyone across the Commission for their professionalism and commitment to our strategic objectives and ambitions, which again has both bolstered our reputation as one of the world's most respected regulators and established our position as a Great Place to Work.

We face one of the busiest milestone years in the Commission's history as we push to consult on, and implement, the key actions from the Government's Gambling Act Review White Paper. That will need everyone in the industry working closely and to one common goal – to make Great Britain's hugely innovative gambling sector the safest and fairest it can be.

Marcus Boyle
Chair

Andrew Rhodes
Chief Executive and Accounting Officer

A year in numbers

Research and stats

23.6 MILLION adults in Great Britain have spent money on gambling

0.3% problem gambling rate

44% overall participation in any gambling activity (in the last four weeks)

27% in-person gambling participation rate

26% online gambling participation rate

Operational activities

24 operators saw enforcement action this year

£60.1 MILLION issued in enforcement fines or regulatory settlements

511 enquiries received by our Sports Betting Intelligence Unit

2,733 intelligence reports generated

223 Incident Referral Form's (IRF's) escalated for consideration

69 assessments conducted for online and land-based operators

28 website reviews conducted

266 security audits completed

150 operator licences processed

1,900 personal licences processed

Stakeholders

220 senior level stakeholder meetings or engagements

6,720 contacts to our Contact Centre from consumers and prospective licensees

National Lottery

£1.79 BILLION raised for good causes

Our people

10% increase in staff engagement

35% decrease in staff turnover

123 posts filled across The Commission

1 UK's Best Workplace Certification

1 Great Place to Work accreditation

Performance report

The Organisation

We are an independent non-departmental public body sponsored by the Department for Culture, Media and Sport (DCMS). We regulate commercial gambling in Great Britain. We are responsible for issuing personal gambling licences for key individuals and gambling operating licences for businesses.

We are also responsible for awarding the licence and regulating the operator of the National Lottery.

Purpose

The Gambling Commission exists to make gambling safer, fairer and crime free.

We do this by licensing and regulating in the public interest and providing advice and guidance.

There are two main pieces of legislation that underpin our work:

- the **Gambling Act 2005** (as amended) which sets the framework for the regulation of gambling in Great Britain
- the **National Lottery etc. Act 1993** which sets out the framework within which we regulate the National Lottery.

We have **336** employees, most of whom are normally based at our Birmingham office with hybrid working principles in place. We also have a number of employees who have a home-based contract.

Objectives

We regulate in the public interest, as guided by our statutory duties, to:

- prevent gambling from being a source of crime or disorder, being associated with crime or disorder, or being used to support crime
- ensure that gambling is conducted in a fair and open way
- protect children and other vulnerable persons from being harmed or exploited by gambling.

The National Lottery

In respect of the National Lottery, our objectives are to ensure that:

- every lottery that forms part of the National Lottery is run with all due propriety
- the interests of every participant in the National Lottery are protected
- subject to the above two duties, to secure that the net proceeds of the National Lottery are as great as possible.

Outcome

We want a safe, fair and crime free gambling market where the interests of consumers and the wider public are protected.

To achieve the above outcome our Corporate Strategy 2021-24 sets out five strategic objectives

- Protecting children and vulnerable people from being harmed by gambling
- A fairer market and more informed consumers
- Keeping crime out of gambling
- Optimise returns to good causes from the National Lottery
- Improving gambling regulation.

Overview of the British gambling sector

Today in Great Britain, approximately **23.6 million** (around **two-fifths** of the adult population) have spent money on gambling.

The gambling sector we regulate comprises of a diverse range of products used by a wide range of consumers. Consumers play on different products, for different experiences, in person and online – sometimes at the same time. **Our research into why people gamble** shows it can be an opportunity to socialise or a moment of 'me time'. It can be a niche activity, or something engaged in more widely.

It is also impacted by the context around it. Sometimes this is by adjacent sectors such as those that are also classed as gambling, like the National Lottery, or products that have gambling-like mechanics such as loot-boxes. Sometimes it is the macro trends that impact everything around us, such as the Covid-19 pandemic or the current cost of living crisis. This can make it a complex landscape to unpick or generalise, but certain recent trends and risks driven by the nature of gambling products are clear.

The biggest change in the gambling landscape over recent years is a shift to online play, reflecting our lifestyles in general. Technology and globalisation have meant that gambling is no longer confined to opening hours and largely local events, but instead a 24/7 opportunity and global event-driven marketplace.

With **94%** of UK adults having access to the internet in 2021 it is not surprising that our **industry statistics** show a long-term trend of increasing online gambling participation and a decrease in land-based gambling. This matches changes seen in other sectors such as the increase in online grocery shopping or the rising popularity of digital-only banks.

Whilst the popularity of gambling in person has declined over time, retail remains a significant part of the sector and is showing signs of recovery following the pandemic.

Against this backdrop of changing trends, our data shows that although the vast majority do not experience gambling-related harms, there are still significant numbers of people who do encounter issues with their gambling.

The precise measurement of problem gambling and harms is complex and needs continual development, however, we do know that hundreds of thousands of gamblers are suffering negative consequences from their gambling.

Despite the gambling landscape changing fundamentally since the 2005 Act, the headline rates for problem gambling have been static in recent years.

Within those numbers we know that some people are more likely to experience harm than others, including those who engage in multiple activities, men, those with probable mental health issues and players with the highest gambling expenditure. We also know that those suffering gambling-related harms are not a static group, so understanding the individual better and appreciating what works to help those avoid or recover from harm is a key part of advancing our understanding .

The Gambling Industry

In 2022, there were over **2,400**[1] gambling operators in the GB gambling market licensed to provide gambling activities in Great Britain, covering both land-based and online activities.

The following statistics give a snapshot of the latest British gambling sector, and when compared to the previous year (2020/21)[2] show how the market has recovered from the impact of the Covid-19 pandemic:

- total Gross Gambling Yield (GGY) of British gambling industry (2021-22): **£14.1 billion** – increase of **10.9%** when compared to April 2020 to March 2021
- total GGY of British remote and/or online sector (2021-22) **£6.4 billion** – a **6.2%** decrease from April 2020 to March 2021 and **12.4%** increase from April 2019 to March 2020.

In Great Britain in 2019/20, there were:

- **144** casinos
- **609** bingo premises
- **1,436** licensed arcades
- **6,219** betting shops
- **151,260** gaming machines

Consumers and gambling

In 2022, around **two fifths** of the adult population gambled each month[3], this equates to:

- Approximately **23.6 million** adults gambled in 2022 (**15.5 million** excluding those who only play National Lottery draws)
- Approximately **14.3 million** adults who gambled online in 2022 (**9.9 million** excluding those who only play National Lottery draws)
- Approximately **14.6 million** adults gambled in-person in 2022 (**10.4 million** excluding those who only play National Lottery draws).

The National Lottery, other lotteries and scratch cards remain the most popular gambling activities in 2022.

Over time there has been a gradual but consistent increase in the proportion of people gambling online, with much of this increase being driven by National Lottery players moving from retail to online.

The number of people gambling in-person significantly increased in 2022 after the impacts of the pandemic, however levels of participation remain somewhat lower than pre-pandemic levels.

Gambling participation

Year	Overall past 4 week participation %	Online participation %	In person participation %
2018	45.8%	18.5%	34.8%
2019	47.2%	21.1%	35.1%
2020	42%	23.6%	26%
2021	42.6%	25.3%	24.5%
2022	44.4%	26.9%	27.5%

Problem and at-risk gambling

Whilst measurement is complex, studies show there are hundreds of thousands of adults experiencing serious issues with their gambling. The 2018 Health Survey for England estimates are:

- Between **160,000** and **340,000** adults in England are classified as problem gamblers according to the Problem Gambling Severity Index (PGSI) or DSM-IV[4]
- Between **270,000** and **480,000** adults in England are classified as moderate risk gamblers according to the Problem Gambling Severity Index' (PGSI). The most recent data (2018) for the number of problem gamblers (according to the PGSI or DSM-IV) and at-risk gamblers (according to the PGSI) is taken from the Health Survey for England. Unfortunately, there was not a comprehensive picture available in 2018 for the whole of Great Britain.

National Lottery

The following statistics give a snapshot of the latest figures for the National Lottery:

- **£1.79 billion** raised for good causes during 2022-23[5]
- Over **£47 billion** raised for good causes since 1994[6]
- Approximately **15.3 million** people reported buying a National Lottery ticket in the past four weeks, with half of players purchasing tickets in retail shops and half purchasing tickets online in 2022[7].

Sources:
1. Industry statistics 2021-22 (Published in November 2022)
2. Industry statistics 2019-20 (Published in November 2022)
3. Quarterly Participation and Prevalence Statistics – Year to December 2022 (Published in February 2023)
4. Health Survey England 2018 (Published in November 2019)
5. Funds raised for good causes Q4 2022 to 2023 (gamblingcommission.gov.uk) (Published in May 2023)
6. Funds raised for good causes Q3 2022-23 (Published February 2023)
7. Quarterly Participation and Prevalence Statistics – Year to December 2022 (Published in February 2023).

A year in review

Key deliverables

In this section of our 2022-23 Annual Report and Accounts, we reflect on the work and key deliverables we have tackled in the second year of our Corporate Strategy to ensure consumers are protected and Great Britain's gambling market is regulated fairly and effectively.

We published our **Interim Business Plan and Budget** for the 2022-23 financial year which identified **60** different deliverable activities. At the time of publication, we stated that the plan would be refreshed at the mid-year point to allow us to understand any additional work and priorities that needed to be built into the plan and budget should the **Gambling Act Review White Paper** be published. It also gave us the opportunity to review the original list of deliverables that were identified at the beginning of the year and clarify objectives. As a result, a number of the original **60** deliverables were integrated into our Business As Usual (BAU) work, reprioritised or incorporated into other activities. At the mid-year point the number of separate deliverables reduced to **48** activities.

Of these **48 (see Annex A)** deliverables, **13** have been fully delivered, **4** have been superseded or subsumed into other work and **1** has been missed and will be reviewed as part of the development of our data strategy work in 2023-24. The remaining **30** deliverables have all been progressed throughout the business year, however, as a result of a number forming part of multi-year activity as well as external challenges, including but not limited to the delay in the publication of the White Paper and legal challenges to the award of the Fourth National Lottery licence, this has meant that they have not been fully delivered in year. Instead, they will continue into the 2023-24 financial year and have been included in our **Business Plan** as deliverables within the next year. The following table summarises the mix of deliverables under our strategic priorities which are underpinned by a variety of initiative.

Tracking of key deliverables

Strategic Objective	Completed	Replanned	Superseded or subsumed	Missed	Total
Protecting Children and vulnerable people from being harmed by gambling	4	10	2	0	**16**
A fairer market and more informed consumers	1	1	0	0	**2**
Keeping crime out of gambling	0	3	0	0	**3**
Optimise returns to good causes from The National Lottery	0	3	1	0	**4**
Improving gambling regulation	8	13	1	1	**23**
Total	**13**	**30**	**4**	**1**	**48**
Total as a percentage	**27%**	**63%**	**8%**	**2%**	**100%**

We must, however, recognise that deliverable work forms only a small part of the activity and output of the Commission and that it is our core regulatory activity (BAU) that informs the large majority of what we do.

Key Core Regulatory Activity Outputs include:

- Processed **4,338** licensing applications (operators and personal licences)
- Carried out and concluded **74** operator compliance assessments
- Completed **52** regulatory investigations
- Our Contact Centre responded to **11,077** emails and **7,876** telephone calls
- Published consultations on suicide reporting, extension of GamStop, and payment services
- Delivered the Commission's first ever evidence and data conference
- Held our first in person staff conference post Covid, Leaders Live
- Gained Great Place to Work and UK Best Workplace accreditation
- Delivered enhanced and accessible digital services and signposting
- Continued work on the delivery of the 4NL Programme and began the Implementation Review

Details of further performance highlights can be found in the following section.

Performance against delivery of strategic objectives

Protecting children and vulnerable people from being harmed by gambling

Although rates of problem gambling in Great Britain have remained stable, gambling harm continues to be a high-profile public health issue which requires a consistent national coordinated response to address the impact it can have on individuals, family life and communities.

Due to this, we work hard to understand the constantly changing factors that influence gambling behaviour so we can focus on preventing harm to vulnerable and young people before it occurs.

We take a precautionary approach to interpreting available evidence and approaching new developments where appropriate.

Through our regulatory powers, over the past year we have also demonstrated our constant action against online and land-based operators who fail to protect people from gambling harm.

Our highlights in this area

The following sets out our highlights over the past year for the strategic objective of protecting children and vulnerable people from being harmed by gambling.

- We improved the standards of conduct and competence by licence holders by issuing licences only to those suitable, whilst pushing a culture of compliance within all operators.
- We worked to ensure that licence holders worked collaboratively to share and develop best practice around reducing gambling harm.
- We identified where the development of some gambling products posed a risk and responded where required, ensuring that they are within our licence conditions and code of practice at every stage.
- Throughout the year we have continued to work with our Lived Experience Advisory Panel (LEAP) to gain their input on a variety of topics, such as our evidence priorities, methodology design for collection of official statistics, and developing our understanding of gambling harms on women. In addition, we worked with members of LEAP to hold meetings with a wider range of people with lived experience of gambling harms – with workshops focusing on people from different cultural and ethnic backgrounds and women. We have also expanded our work to obtain views and insights from the widest range of gamblers' experiences – including those who have not experienced harm. This has included engagement with people who have gambled during the FIFA World Cup and exploration of the impact of changes to the cost of living on gambling behaviour.
- As part of our work to reduce gambling harms, we managed a process in line with our published Statement of Principles for Determining Financial Penalties, to approve destinations for regulatory settlements with a cumulative value of millions of pounds for socially responsible purposes. As part of our transparent approach, the details of each of these destinations are published online.
- We proactively published a variety of Commission-led and independent research and authoritative data. This included the publication of reports and data into young people and gambling, gambling participation and prevalence of problem gambling, and typical consumer journeys. As part of our drive to communicate the results widely, we launched a new webinar programme which allowed us to explain research further to stakeholders.

A fairer market and more informed consumers

The safety of consumers and overseeing a fair market continue to be key focus areas for our regulatory work and this was no different during the 2022-23 financial year.

We continue to take steps to reflect the consumer voice and experience, together with stakeholder and operator feedback, in our regulatory decision making. This is also vital to ensure consumers are able to make more informed choices about who they gamble with or how they play. This is especially important due to the fast pace of innovation and the continued growth of online gambling and gaming.

It remains vital that operators continue to provide constant clarity around their products, protections and controls to ensure gambling is as fair and open as possible, and that their product information is presented in a clear and concise way.

Our highlights in this area

The following sets out our highlights over the past year for the deliverable of a fairer market and more informed consumers.

- Alongside the Information Commissioner's Office (ICO), and the Betting and Gaming Council (BGC), we continued to support the development of the Single Customer View project. Alongside the ICO, we concluded phase one of the project's sandbox which examined the legal case for its introduction, with the ICO publishing its Outcomes Report in October 2021. The BGC launched a six-month trial solution in February 2023 which will be evaluated once it has concluded.
- We have continued to ensure new gambling products meet our technical standards and have had appropriate and sufficient testing before they are released to market. As part of this, we have ensured all Test Houses continue to meet revised accreditation standards.
- We continued to improve our capacity to identify consumer issues and act upon them quickly. Ensuring licence holders have suitable and accessible complaints procedures in place, in line with our guidance.
- Through our research and data, we constantly analysed data, markets, products and trends. These insights continue to allow us to look at the risks and opportunities in the industry which inform our work, including around young people and gambling.
- During 2022-23, our Consumer Contact Centre received **6,720** complaints from consumers about operators and their practices, with those consumer touchpoints helping to inform our regulatory approach. Our Contact Centre, which is now part of our Communications and Engagement Department, has also been well within its Key Performance Indicators (KPIs) and its Service Level Agreement (SLA) during the year and held a variety of best practice visits with both private and public sector organisations. The team also made significant progress in how we more accurately log consumer contacts through a 'List of Values' project which was praised by the National Audit Office (NAO).

Delivery of our corporate business plan continued

Keeping crime out of gambling

Gambling is a legitimate activity but it also presents opportunities for criminal activity.

Great Britain's regulatory framework is considered to be world-leading, particularly in relation to working with partner agencies to deter and detect criminality. This work has continued over the past year and is contributing to a reduction in crime associated with gambling, whilst holding gambling licence holders to account to ensure they are fully meeting their responsibilities. Where they are not meeting our rules, our regulatory action has continued through our targeted compliance activity and enforcement powers.

Gambling companies operate in a global and digital market which can see manipulation of betting events from serious organised crime networks operating at national and international levels. Our ability to collect, analyse and share intelligence with other regulators and agencies, and work collaboratively with other jurisdictions, continues to be key to safeguarding British consumers' interests.

Our highlights in this area

The following sets out our highlights over the past year for the deliverable of keeping crime out of gambling:

- More than ever, we continued to build relationships domestically and internationally to share experiences, good practice and expert knowledge. This included at the 2022 International Association of Gaming Regulators (IAGR) Conference in Melbourne where we delivered keynote speeches and took part in a variety of specialist sessions. The next conference will take place in Botswana in October 2023.
- We continued to apply national and international best practice through the effective implementation of the Money Laundering Regulations and Proceeds of Crime Act 2002.
- Our enforcement activity continued against gambling operators and personal licence holders who failed to meet standards around anti-money laundering, social responsibility controls and customer interaction issues. During the reporting year we suspended **5** operating licences and one personal management licence. In total **£60.1 million** (**£20.9 million** in fines and **£39.2 million** in regulatory settlements) was paid by a total of **24** operators.
- We continued to work closely with sports associations, tournament organisers and law-enforcement partners to achieve regulatory and criminal justice outcomes relating to betting integrity issues. Our work in this area also supports the Sport and Sports Betting Integrity Plan, the UK Anti-Corruption Strategy and UK HMG's commitment to the Macolin Convention (also known as The Council of Europe Convention on the Manipulation of Sports Competitions). In 2022, our support included working closely with partners leading up to several major competitions that took place in the UK, including the UEFA Women's Euros, the Birmingham-hosted Commonwealth Games, and the delayed 2021 Rugby League World Cup.
- Our Sports Betting Intelligence Unit received over **511** reports which included issues such as suspicious betting activity, sports rules breaches, misuse of inside information and Gambling Act offences. Football and tennis account for the largest proportions of these reports, as was the case in 2021-2022.
- Our intelligence team generated **2,733** intelligence reports, relating to a number of issues including sports-related issues, social media lotteries, unlicensed remote operators and money laundering.
- A total of **223** IRFs were escalated for consideration this year. These are cases which are progressed to the Commissions Internal Management Group to review key issues, including any risks or breaches of licencing objectives/or Social Responsibility Code and a reference to any alleged offences under the Gambling Act 2005 (or other legislation).
- We conducted a total of **69** assessments of online and land-based operators and also carried out **28** website reviews and **266** security audits. Additionally, we commenced **25** personal licence reviews and closed **34**, with some overlapping from the 2021-22 financial year.
- Additionally, we processed **150** operator licence applications, with **1,900** individuals applying for a personal licence, supported by our online platform.
- Carried out the preparatory work ahead of the implementation of the Economic Crime Levy (ECL). The ECL is an annual charge on licensed Casino Operators who are supervised under the Money Laundering Regulations (MLR) and whose (UK) revenue exceeds **£10.2 million** per year, and will be collected by the Commission, from the 1 April 2023. The Commission effectively acts as an agent for collecting the levy, which will be paid to HM Treasury, less the cost of administration. More information is shown within Note 5(d), Economic Crime Levy Income.

Optimise returns to good causes from The National Lottery

The National Lottery continues to make a significant contribution to society and generates important funds for good causes, including funding a wide variety of sports, arts, heritage and community-based projects. Over **£47 billion** has been raised by the Lottery since its launch in 1994.

Through the funding it generates, the National Lottery continues to make a difference to the lives of millions and the Commission's role is to ensure it is run with propriety whilst protecting the interests of every player and making sure funds for good causes are maximised.

Our highlights in this area

The following sets out our highlights over the past year for the deliverable of optimise returns to good causes from The National Lottery.

- Returns to good causes finished the financial year at **£1.79 billion**.
- We ensured the current licensee continued to deliver against the requirements of the Third Licence, particularly with respect to ensuring the National Lottery is operated with all due propriety and that the interests of participants are protected. Further protections for players potentially at-risk of harm have been introduced across the year.
- We protected the value of the National Lottery as a public asset, enhancing its brand, and set processes in place to ensure that the Fourth Licence holder fosters strong relationships with distributors of National Lottery funding to strengthen the link between the brand, its players and good causes.
- Allwyn Entertainment Limited has been appointed as Incoming Licensee for the Fourth Licence (due to start on 1st February 2024), following a successful, fair and robust competition which received four applications at the final stage, following seven initial submissions at the selection stage. This is the highest number of applications since the first National Lottery licence was awarded in 1994.
- In January 2023, the Commission Board granted the relevant regulatory approvals in response to a proposal to change the corporate control of the current National Lottery licensee, Camelot UK Lotteries Limited, from the Ontario Teachers' Pension Plan to the Allwyn Group. These approvals were supported by the completion of a robust and extensive assessment of the proposal against the requirements of the Third Licence.
- The Commission successfully set aside the automatic stay imposed on the award process by the commencement of litigation enabling completion of the award of the licence to Allwyn in September 2022. The substantive challenges remain and are currently due to be heard in January 2024.
- Allwyn has committed to investment in the National Lottery that is expected to deliver growth and innovation across the National Lottery's products and channels, resulting in increased contributions to good causes. The conditions for the new licence are designed to build on the successes of the Third Licence, placing responsibility for performance and flexibility to maximise returns to good causes on the Licensee, while ensuring high standards of propriety and a strong focus on player protection.
- A transition management framework was developed which enables oversight and assurance, and active management of risk and delivery performance, to support the successful transition to the new operator. We have designed an appropriate regulatory model for the Fourth Licence and have developed a plan to deliver and implement this ahead of the start of the Fourth Licence.

Delivery of our corporate business plan continued

Improving gambling regulation

As a high-profile regulator, our risk-based and evidence-led approach has continued and over the past year we have ensured the best structure and people are in place which enables us to regulate effectively, adapt, and ensure high standards are maintained by all licensed operators.

The pace of change around innovative technology and novel online products has continued over the past year, with our framework and agile approach designed to stay ahead of those changes in an increasingly digital landscape.

Our highlights in this area

The following sets out our highlights over the past year for the deliverable of improving gambling regulation.

- We submitted our formal advice to the Secretary of State to support the Government's Gambling Act Review White Paper which was released in April 2023. The Review represents a once-in-a-generation opportunity to deliver change for gambling in Great Britain and builds on the long-term programme of measures we already have in place. The Government incorporated many of our recommendations into the Review and will now see a range of consultations launched.
- We continued to make progress around the implementation of recommendations from the NAO 2020 report into gambling, alongside other improvement work highlighted in reports by the Public Accounts Committee and House of Lords Select Committee.
- The development of impact metrics and a framework to communicate progress against our priorities has remained a key element of our drive to evaluate the impact of our work, individual projects and interventions.
- To continue to be an effective regulator, we developed our IT and digital systems further and continued to automate systems and processes as much as possible to help us maintain resources in our frontline work with operators and stakeholders.
- Now online for over two years, our website on the accessible and user-friendly GOV.UK platform, continued to improve and deliver enhanced digital services and signposting.
- During the year we continued to develop our people to ensure a workplace which is effective and diverse, with resources being managed effectively. This meant undertaking a variety of initiatives to improve our leadership capabilities, competencies and behaviours. It was a proud moment for us to be certified as a 'Great Place to Work' following our annual employee survey which saw a response rate of **85%**.
- Our commitment to our Diversity and Inclusion (D&I) agenda continued as we promoted an open and inclusive culture. Including celebrating events such as International Women's Day, Black History Month, and creating champions of Menopause Awareness. We have engaged colleagues at all levels in the development of our future D&I strategy to set the agenda for the coming years to further improve diversity and build on our inclusive culture.

Performance Analysis

Gambling Commission funding

The Commission is an independent public body. We are funded in two ways:

- by application and licence fees set by the Secretary of State, approved by Parliament and paid by the gambling industry. These fees fund all gambling regulation except that for the National Lottery.
- in respect of National Lottery functions, by Grant-In-Aid (GIA) from the National Lottery Distribution Fund (this GIA is not treated as income in accordance with FReM).

Income

Our total income from fees and other sources was **£26.09 million** for the year **(£20.18 million** for 2021-22). This figure does not include the **£22.56 million** (2021-22 **£26.97 million**) of GIA funding in respect of the National Lottery functions which is transferred directly to reserves.

Our fee income for the year was made up of the following:

- operator application fee income was **£2.05 million** (2021-22 **£1.21 million**)
- fees for personal licences **£0.76 million** (2021-22 **£0.67 million**)
- operator annual licence fees **£22.89 million** (2021-22 **£18.02 million**)
- miscellaneous income of **£0.39 million** (2021-22 **£0.28 million**). This was mainly attributable to contributions to compliance and enforcement costs received from operators.

Total fee income has been analysed by industry sector in the following.

Annual operator fee income by sector 2022-23

Arcades 4%

Machines 24%

Betting 33%

Bingo 4%

Casino 29%

Lotteries 6%

Expenditure

During the year, total expenditure on operational costs including depreciation was **£40.91 million** (2021-22 **£45.11 million**), a decrease of **£4.20 million** on the prior financial year (**9%**).

Expenditure on gambling regulation totalled **£19.33 million** (2021-22 **£18.85 million**) National Lottery functions accounted for **£21.58 million** (2021-22 **£26.26 million**). This included **£19.15 million** on the National Lottery Fourth licence competition (2021-22 **£23.65 million**).

Employee costs for the year were **£19.02 million** (2021-22 **£19.17 million**), a decrease of **£0.150 million**. Employee costs for gambling regulation were **£13.97 million** (2021-22 **£13.80 million**) and National Lottery regulation **£5.05 million** (2021-22 **£5.36 million**). Of this, **£3.18 million** related to the National Lottery Fourth licence competition (2021-22 **£3.23 million**).

For comparative purposes, the following table shows year-on-year operational expenditure comparison for gambling and National Lottery regulation expenditure, and the costs of Horserace Betting Levy Board (HBLB) and ceased in 2018-19. The Commission received **£0.16m** in relation to preparatory work undertaken for the proposed transfer of the Horserace Betting Levy from the HBLB to the Commission which did not subsequently take place. This funding came from HBLB Levy.

Gambling Commission funding continued

Year-on-year operational expenditure for gambling and National Lottery regulation

Description	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m
National Lottery regulation	2.80	2.96	2.76	2.60	**2.43**
National Lottery competition	4.08	13.29	14.84	23.66	**19.15**
Gambling regulation	20.54	21.20	20.57	20.07	**19.33**
Horserace Betting Levy activity	0.16	–	–	–	**–**
Total costs of operation	27.58	37.45	38.17	46.33*	**40.91**

* 2021-22 numbers have been restated (see note 2).

Net expenditure for the year

During the year, the regulation of gambling under the 2005 Gambling Act, as amended and updated by the **Gambling (Licensing and Advertising) Act 2014**, produced an income and expenditure surplus of **£7.05 million** (2021-22 **£1.24 million**). A surplus of **£3.46 million** (2021-22 deficit of **£0.04 million**) for the year was budgeted under the Commission's medium-term financial plan using reserves created from the fee income collected in prior years because of the continuing expansion of the gambling industry, particularly within the remote sector.

The surplus set was with the expectation that the Gambling Act Review White Paper would be released during the financial year generating investment activity which has been delayed into FY23/24. The Commission has revised its reserve policy in-year to **£7 million**. The comprehensive net expenditure for the year is **£14.45 million**, including regulating the National Lottery. This deficit is due to the requirement to transfer GIA funding of **£22.56 million** (2021-22 **£25.04 million***) in respect of National Lottery regulation direct to reserves and not being included as income.

Statement of financial position

At 31 March 2023 the book value of non-current assets was **£3.40 million** (2021-22 **£3.98 million**). Assets less liabilities at 31 March 2023 amounted to **£13.02 million** (2021-22 **£4.92 million***). The Commission holds reserves as a matter of prudent financial management, principally so that it can: fund substantial legal action in furtherance of its regulatory objectives; manage short-term fluctuations in its licensing income; and provide for foreseeable but not yet certain liabilities such as other provisions. Following an update to our Reserves Policy within 2022-23, the Commission calculates that reserves of **£7 million** meet this requirement. Reserves were maintained at this level at the close of 2020-21 as a result of a GIA advance from our sponsor department. Our reserves levels have increased during the year, largely as a result of delays to the publication of the White Paper and significant underspends on staffing costs.

The year-end closing cash balance at 31 March 2023 was **£30.05 million** (2021-22 **£27.33 million**). The cash balance reaches its peak between August and November each year, after the largest tranche of annual fees fall due, which are paid in advance by operators.

GIA to fund National Lottery regulation is drawn down monthly as required, satisfying the normal conventions applying to parliamentary control over income and payment performance.

The Commission's policy is to pay all invoices within 30 days of receipt unless a longer payment period has been agreed or the amount billed is in dispute. The Government target is **95%** of invoices should be paid within 30 days. In the year to 31 March 2023, **100%** of invoices were paid within 30 days of receipt, totalling value was **£24.82 million** (2021-22 **100%, £24.32 million**).

* 2021-22 numbers have been restated (see note 2).

Sustainability

Greening Government Commitments reporting

The Commission subscribes to a number of targets including the mandatory Greening Government Commitments (GGC) for reducing energy, water, paper, reducing travel emissions and managing waste. These targets were updated during 2022-23 with a new target period to 2025. The greenhouse gas (GHG) emissions target for the Commission is a reduction in total emissions and in direct emissions compared to previous years. These targets are restricted to our corporate operations. We recognise a small increase in the Commission's total GHG tonnage from **40.97** to **47.13** for scopes 1 and 2 from 2021-22 to 2022-23 and an increase from gross emissions attributable to scope 3 from **5.41** to **44.06** due to increased business travel, as 2021-22 travel was still restricted due to Covid-19. We have also doubled our expenditure on energy over the last year, but this is largely attributable to price increases as opposed to usage as reflected above.

Sustainability recognises that the three pillars of the economy, society and the environment are interconnected. It is a long-term, integrated approach, to achieving quality of life improvements while respecting the need to live within environmental limits.

Adapting to climate change

The Commission has undertaken a significant investment in technology to support hybrid working, reducing emissions in commuting to and from work, and work-related travel. As a single site organisation in a shared, listed building, our ability to influence meaningful change is limited. We can and will look for further reductions in travel and other carbon producing activities. For these reasons, a Climate Change Risk Assessment (CCRA) has not been undertaken to date but will be considered in future years.

Adapting to climate change continued

Details of the Commission's performance – Total travel

Travel Type	2022-23	2021-22	Baseline 2017-18	Overall Emission (Reduction)/ Increase The Commission 2017-18 baseline	Overall Emission (Reduction)/ Increase Government target 2017-18 baseline
Passenger Vehicles – Cars					
km	**41,238**	2,266	276,376	**-69%**	**-30%**
Cost (£)	**£11,531**	£3,695	£77,279	**-69%**	**-30%**
tCO2e	**7.03**	0.63	51.32	**-69%**	**-30%**
Number of trips	**453**	146	523	**-69%**	**-30%**
Other Domestic Domestic Rail					
km	**173,088**	70,118	657,442	**-69%**	**-30%**
Cost (£)	**£57,435**	£27,163	£196,303	**-69%**	**-30%**
tCO2e	**6.14**	3.18	31.03	**-69%**	**-30%**
Number of trips	**885**	411	3,660	**-69%**	**-30%**
Other Domestic Domestic Flight Domestic					
km	**4,394**	830	50,420	**-69%**	**-30%**
Cost (£)	**£739**	£96	£12,173	**-69%**	**-30%**
tCO2e	**0.57**	0.20	13.31	**-69%**	**-30%**
Number of trips	**5**	1	69	**-69%**	**-30%**
Other Short Haul Flight (Economy)					
km	**20,500**	12,044	66,671	**-69%**	**-30%**
Cost (£)	**£2,904**	£1,258	£8,866	**-69%**	**-30%**
tCO2e	**1.69**	1.40	10.95	**-69%**	**-30%**
Number of trips	**13**	5	42	**-69%**	**-30%**
Other International Long Haul Travel (km)					
km	**126,280**	–	133,157	**-69%**	**-30%**
Cost (£)	**£20,312**	£0	£7,195	**-69%**	**-30%**
tCO2e	**28.63**	0.00	25.61	**-69%**	**-30%**
Number of trips	**9**	–	6	**-69%**	**-30%**
Total Travel					
km	**365,500**	85,258	1,184,066	**-69%**	**-30%**
Cost (£)	**£92,921**	£32,212	£301,816	**-69%**	**-30%**
tCO2e	**44.06**	5.41	132.22	**-69%**	**-30%**
Number of trips	**1,365**	563	4,300	**-69%**	**-30%**

Summary of GGC performance

In 2021-22, we saw a decrease in gas and water use, and an increase in electricity use compared to 2020-21.

Overall GGC performance

Scope 1:

Direct GHG emissions – these occur from sources owned or controlled by the Commission, for example, emissions as a result of combustion in boilers, or emissions from fleet vehicles.

Scope 2:

Energy indirect emissions – as a result of electricity that we consume which is supplied by another party, for example, electricity supply in buildings.

Scope 3:

Other indirect GHG emissions – all other emissions which occur as a consequence of our activity, but which are not owned or controlled by the Commission, for example emissions as a result of staff travel on official business.

Total Tonnes CO_2

Details of the Commission Performance

Scope	Type	2022-23	2021-22	Baseline 2017-18	Overall Emission (Reduction)/ Increase The Commission 2017-18 baseline	Overall Emission (Reduction)/ Increase Government target 2017-18 baseline
Scope 1						
tCO2e	Gas	**8.07**	6.08	4.55	**-62%**	**-58%**
kWh	Gas	**44,206**	33,189	24,725	**-62%**	**-58%**
Cost (£)	Gas	**£10,823**	£10,103	£9,148	**-62%**	**-58%**
per full time equivalent staffing	Gas	**0.02**	0.02	0.01	**-62%**	**-58%**
Scope 2						
tCO2e	Electricity	**39.06**	34.89	102.45	**-62%**	**-58%**
kWh	Electricity	**185,044**	150,966	266,504	**-62%**	**-58%**
Cost (£)	Electricity	**£51,938**	£30,346	£28,139	**-62%**	**-58%**
per full time equivalent staffing	Electricity	**0.12**	0.10	0.32	**-62%**	**-58%**
Scope 3						
tCO2e	Travel	**44.06**	5.41	132.22	**-62%**	**-58%**
kWh	Travel	**365,500**	85,258	1,184,066	**-62%**	**-58%**
Cost (£)	Travel	**£92,921**	£32,212	£301,816	**-62%**	**-58%**
per full time equivalent staffing	Travel	**0.13**	0.02	0.41	**-62%**	**-58%**
Total tCO2e		**91.9**	46.38	239.22	**-62%**	**-58%**

Minimising waste and promoting resource efficiency

Data on waste is collated (in line with Sustainable Operations on the Government Estate (SOGE) targets) for all offices and land owned by the Commission:

- waste to landfill (residual office waste)
- waste reused and/or recycled (paper, aluminium cans and glass)
- waste incinerated
- hazardous waste.

Waste increased in 2022-23, this will primarily be due to greater office occupancy post Covid-19.

Total ICT waste recycled, reused and recovered (externally)

Waste minimisation and management and finite resource consumption

Type	2022-23	2021-22	Baseline 2017-18	Overall Emission (Reduction)/ Increase The Commission 2017-18 baseline	Overall Emission (Reduction)/ Increase Government target 2017-18 baseline
Waste Refuse and paper – (Reused/recycled)					
tCO2e	**4.36**	3.64	4.13	**-6%**	**70%**
Cost (£)	**£1,676**	£2,839	£1,352	**-6%**	**70%**
per full time equivalent staffing	**0.01**	0.01	0.1	**-6%**	**70%**
Waste Refuse and paper – (Incinerated with energy recovery)					
tCO2e	**12.94**	7.96	14.64	**-12%**	**-5%**
Cost (£)	**£1,276**	£1,298	£380	**-12%**	**-5%**
per full time equivalent staffing	**0.04**	0.02	0.05	**-12%**	**-5%**

Adapting to climate change continued

Total ICT waste recycled, reused and recovered (externally) continued

Type	2022-23	2021-22	Baseline 2017-18	Overall Emission (Reduction)/ Increase The Commission 2017-18 baseline	Overall Emission (Reduction)/ Increase Government target 2017-18 baseline
A4 paper/reams					
Reams	**80**	30	1,300	**-94%**	**-50%**
Cost (£)	**£275**	£81	£3,271	**-94%**	**-50%**
per full time equivalent staffing	**0.24**	0.08	4.04	**-94%**	**-50%**
A3 paper/reams					
Reams		5	40	**-100%**	**-50%**
Cost (£)	**–**	£29	£198	**-100%**	**-50%**
per full time equivalent staffing	**–**	0.01	0.12	**-100%**	**-50%**

Due to being tenants in a commercial building, we have not been able to secure all the information expected in accordance with the Government Financial Reporting Manual (FReM). We have estimated costs based on available contract rates and average market rates. We will continue to work with our landlords to ensure this is available for 2023-24.

Use of finite resources

This category is broken down into use of water, energy and other finite resources. Water sources are classified by:

Scope 1:

Water owned or controlled by the Commission. This would include water reserves in lakes, reservoirs and boreholes.

Scope 2:

Purchased water, steam or ice. This would include mains water supply as well as other deliveries of water for example for coolers.

Scope 3:

Other indirect water. This would include embodied water emissions in products and services.

Reducing our water use

The Commission's water usage has increased by **52m³** year on year; this will primarily be due to greater office occupancy post Covid-19.

Total waste, water and paper consumption

Type	2022-23	2021-22	Baseline 2017-18	Overall Emission (Reduction)/ Increase The Commission 2017-18 baseline	Overall Emission (Reduction)/ Increase Government target 2017-18 baseline
Water consumption/m³	**2,119**	2,067	2,067	**3%**	**-8%**
Water supply costs (office estate)	**£4,098**	£3,997	N/A	**3%**	**-8%**
per full time equivalent staffing	**6.44**	5.86	6.42	**3%**	**-8%**

N/A = Data not available

Consumer single use plastics

Consumer Single Use Plastics (CSUP) are not used within the Commission. We do not produce food or food wastes, nor do we require use of single use plastics anywhere in our operation. We provide staff with washable cutlery, glasses and cups. We currently meet the Government's commitment to remove all CSUPs.

Reducing environmental impacts from Information Communication Technology (ICT) and digital

The Commission continues to utilise technology to improve our overall environmental impact. Recent initiatives include replacing desk phones with softphones (software for making telephone calls over the internet) and encouraging the use of softphones over mobiles further supports a reduction in our physical impact and footprint. In addition, improvements to our videoconferencing provision seeks to aid and enable effective hybrid working, reducing the need for travel. All end user equipment is configured with automated sleep timers and only energy efficient monitors are in use. We recycle all ICT plastics to be re-used (for example toner and ink cartridges). Redundant end user equipment (for example laptops and mobile phones) is recycled for reuse and surplus office furniture is donated to charity for reuse.

More broadly, sustainable ICT solutions will be integrated into the Commission as standard, via sustainable procurement, design, implementation, and asset management.

Procuring sustainable products and services

Many of the Commission's contracts are awarded through pan government frameworks operated by Crown Commercial Services (CCS). This allows us to take advantage of the CCS active sustainable procurement policy to ensure that environmental obligations are properly reflected. CCS has also implemented the DEFRA2 sustainable procurement prioritisation tool to support decision making and, where appropriate, sustainability obligations are included within contracts let by CCS to ensure that:

- goods and services are purchased on a whole life cost basis
- performance can be monitored throughout the life of the contract.

During 2022-23, **35%** of our procurement expenditure was sourced from small and medium sized enterprises (SMEs) for supply of goods and services across the Commission, which is above the Government's **25%** target (**13%** 2021-22), which is due to the increased expenditure for the National Lottery competition.

Mitigating climate change: working towards Net Zero by 2050

During 2023, the Commission will start development of a strategy for sustainability and climate change that runs through all of its operations and functions to work towards NetZero by 2050. To deliver these, four specific action areas have been established to support delivery:

- **Climate education:** focus on providing support to our employees to ensure excellent learning in climate change and a greater emphasis on nature. This will ensure that all employees have robust climate change knowledge that can be used both at work and at home. It will include education and skills for a changing world: preparing all people for a world impacted by climate change through learning and practical experience.
- **Net Zero:** reducing direct and indirect emissions from all aspects of our work, driving innovation to meet legislative targets practically in the transition to Net Zero.
- **Supply chains and operations:** ensure all employees consider the environment in all they do, from their choice of suppliers and products (such as energy and ICT supplies) to choice of travel mode. More broadly, by the end of 2023 we will ensure sustainability is part of the assessment and validation criteria for including suppliers on procurement frameworks, to support sustainable purchasing of products and services (including energy).
- **Hybrid working:** we will continue to refine our hybrid working arrangements to ensure that travel to and from our office and other work related travel activities are minimised where possible. We will continue to invest in equipment and technology that supports this way of working.

Nature recovery and biodiversity action planning

In accordance with our biodiversity duty, we will complete our first consideration of what action to take for biodiversity by 1 January 2024.

Andrew Rhodes
Chief Executive
and Accounting Officer
19 July 2023

Accountability report

Overview of the accountability report

The accountability report is made up of three sections, the corporate governance report, remuneration and staff report and the parliamentary accountability and audit report. The contents and purpose of each report is outlined below.

1. **Corporate governance report:** this outlines the governance structure of the Commission, its key decision-making bodies and the interests of leading decision-makers. This is part of the Commission's accountability to Parliament, by being transparent about who makes Commission decisions and how they do so. Describing governance structures and managing interests are key features of best practice in corporate governance and are requirements of the Commission's framework agreement with DCMS and Cabinet Office guidance.
2. **Remuneration and staff report:** this discloses the remuneration of senior leaders and gives an overview of the policies that govern all staff within the Commission. This transparency is required for parliamentary oversight of the Commission by demonstrating that Commission officials are bound by appropriate standards and their performance can be measured against those standards.
3. **Parliamentary Accountability and Audit Report:** this brings together the Commission's key parliamentary accountability documents and covers regularity of expenditure, accountability disclosures and the Certificate and Report of the Comptroller and Auditor General to the House of Commons. This information allows parliamentary oversight of how the Commission complies with the requirements of Managing Public Money. The Commission must demonstrate how we exercise our fiduciary duties when handling public resources, and how we maintain high standards of probity.

Board of Commissioners

Marcus Boyle
Chair

John Baillie
Chair of Audit and Risk Committee

Trevor Pearce CBE QPM
Chair of National Lottery Committee, and Remuneration and Nominations Committee

Stephen Cohen
Chair of National Lottery Competition Committee

Catharine Seddon
Senior Independent Director

Carol Brady MBE
Commissioner

David Rossington CB
Commissioner

Corporate governance report

GAMBLING COMMISSION

Director's report

The Commission is made up of non-executive Commissioners, appointed by the Secretary of State, and led by a Chair. The Commission's key decision-making body is the Board of Commissioners. Details of the Chair and Commissioners for 2022-23, including their declared interests, can be found below.

Recruitment for six new Commissioner posts was opened in January 2023 and is expected to result in appointments later in 2023. Two Commissioners (John Baillie and Catharine Seddon) were appointed for additional terms this year, and two Commissioners' terms of appointment were extended (Carol Brady and Trevor Pearce) to allow for managed succession. Three Commissioners resigned in September 2022 (Brian Bannister, Terry Babbs and Jo Hill), and one new Commissioner (David Rossington) was appointed in January 2023.

The Commission is managed by the Executive Team, led by the Chief Executive. Executive Team meetings are the key management decision-making body. Details of the CEO and Executive Team for 2022-23, including their declared interests, can be found below.

Board of Commissioners

Marcus Boyle
Chair

Marcus was appointed Chair of the Commission in September 2021 for a term of five years.

Marcus has extensive leadership experience across both the public and private sectors. He has delivered major organisational changes in public institutions, banks, media organisations, and other industries as well as the charitable sector.

He was an equity partner in two leading global professional services firms and served as a Board Member, Chief Strategy Officer and Chief Operating Officer. He is a Trustee of the Serpentine Gallery and Chair of The Room Unlocked. He has also been appointed as a non-executive board member at the Cabinet Office.

Click here for Marcus Boyle's declaration of interests >

John Baillie
Chair of Audit and Risk Committee

John is a Chartered Accountant and a former partner of one of the Big Four accountancy and consulting firms in Scotland and London.

He is a former chair of the Accounts Commission for Scotland, the Scottish local authority watchdog, and served two three-year terms. He was also chair of Audit Scotland, the Scottish equivalent of the NAO for several years, and a member of the Reporting Panel of the UK Competition and Markets Authority for nine years.

He held the Chair of Accountancy and Finance at the University of Glasgow. He was also a Visiting Professor at the University of Edinburgh and held similar appointments at other Scottish universities.

Click here for John Baillie's declaration of interests >

Stephen Cohen
Chair of National Lottery Competition Committee

Stephen has over 40 years' experience in asset management in Asia, Europe and the USA. He started his career with Mercury Asset Management and worked both as a portfolio manager and in business development.

He is Chair of Audit for the JPMorgan Japan Investment Trust plc, the Advanced Research Invention Agency and the Schroder UK Public Private Trust plc, a Commissioner for the Civil Service and a Trustee of Doctors in Distress.

Stephen brings a global business perspective, deep experience of finance and financial services regulation, corporate governance, as well as board engagement, activism and fintech.

Click here for Stephen Cohen's declaration of interests >

Trevor Pearce CBE QPM
Chair of National Lottery Committee, and Remuneration and Nominations Committee

Trevor Pearce has had a 40-year career in law enforcement.

Starting at Kent County Constabulary, he moved to national agencies becoming director general at both the National Crime Squad and Serious Organised Crime Agency.

More recently, Trevor has focussed on regulatory roles and risk management. He is chair of UK Anti-Doping and trustee of Canterbury Oast Trust, a charity providing residential services to adults with learning difficulties.

Trevor brings experience of running large complex organisations, dealing with international serious and organised crime, anti-money laundering, integrity and anti-corruption.

Click here for Trevor Pearce's declaration of interests >

Board of Commissioners continued

Catharine Seddon

Senior Independent Director

Catharine brings experience of regulation in a wide variety of sectors.

Catharine spent 20 years as a filmmaker before taking up public non-executive roles. She started as a graduate trainee producer with the BBC and specialised in high-end film documentaries, eventually setting up her own production company.

She became a magistrate in 2002 and left the media industry to take up a variety of other judicial roles within the tribunal service, and to join the Human Tissue Authority and sit on the Determinations Panel of the Pensions Regulator.

Catharine is currently Deputy Chair and Audit and Governance Chair of the Human Fertilisation and Embryology Authority, as well as the senior independent director of the Legal Services Board. She has recently been appointed as Institute Director (non-executive) of the Chartered Insurance Institute and Disciplinary Committee member of the Royal College of Veterinary Surgeons (RCVS). Catharine also tutors for the Civil Service College, and sits on the Board of the Children and Family Court Advisory and Support Service.

Additionally, Catharine is a founding member of the Health Service Products Appeal tribunal and a trustee for special needs charity, CPotential.

Click here for Catharine Seddon's declaration of interests >

Carol Brady MBE

Commissioner

Carol began her career within trading standards and held roles in the former Department for Trade and Industry where she helped set up the Consumer Direct advice helpline.

Her career has been focused on consumer protection and her previous roles have also included chairing the claims management regulation unit at the Ministry of Justice, chairing the Chartered Trading Standards Institute's Board, and Birmingham's Assay Office, which oversees the assaying of precious metals in the UK. She has been a senior ombudsman at the Legal Ombudsman and as an independent advisory member at the Commission for Local Administration (Local Government and Social Care Ombudsman).

She is currently the owner and managing director of a consumer protection consultancy.

Carol was awarded an MBE in 2016 in recognition of her services to consumers and better regulation. She is also a Fellow of the Chartered Trading Standards Institute (CTSI).

Click here for Carol Brady's declaration of interests >

David Rossington CB

Commissioner

David is a former senior civil servant. He has worked for the Department for Culture, Media and Sport (DCMS), including as finance director, and other government departments and he has extensive knowledge of gambling policy and the National Lottery. He has been a member of many Boards over a number of years and has undertaken a wide range of work on policy, finance and efficiency, and commercial and delivery.

He has assisted the Commission as an independent member of the National Lottery Competition Committee and is the deputy chair of the Advisory Council on National Records and Archives which works with the National Archives. He is Treasurer of a charity for veterans (Stoll) and an Oxford community arts charity (Arts at the Old Fire Station).

David holds a degree in History and French from Oxford, a master's in public policy from the Kennedy School, Harvard University, and an economics MSc from Birkbeck College, London. David also took an accountancy qualification while a civil servant although he is no longer in practice.

David was appointed as a Commissioner from 9 January 2023.

Click here for David Rossington's declaration of interests >

Terry Babbs

Chair of Finance and Performance Committee (resigned)

Terry resigned from his role as Commissioner in September 2022.

Brian Bannister

Commissioner (resigned)

Brian resigned from his role as Commissioner in September 2022.

Jo Hill

Commissioner (resigned)

Jo resigned from her role as Commissioner in September 2022.

Executive Team

Andrew Rhodes
Chief Executive Officer

Sarah Gardner
Deputy Chief Executive

Tim Miller
Executive Director

John Tanner
Executive Director

Kay Roberts
Executive Director

Alistair Quigley
Chief Technology Officer

Lucy Denton
Director of Communications

Helen Gibson
Director of Finance and Interim Director of People Services

Helen Child
Head of Governance

Nadine Pemberton Jn Baptiste
General Counsel

Executive Team continued

Andrew Rhodes

Chief Executive Officer

Andrew joined the Commission in June 2021 as Interim Chief Executive Officer and was appointed on a permanent basis in May 2022. As of 4 July 2023 Andrew has also been appointed as a Commissioner. An experienced civil servant, Andrew joined us from Swansea University and previously held a range of senior civil service roles at the Department for Work and Pensions, the Food Standards Agency and the DVLA. Andrew is also Chair of the Swansea City AFC Foundation.

Click here for Andrew Rhodes's declaration of interests >

Sarah Gardner

Deputy Chief Executive

Sarah joined the Commission in 2009 and has held a number of leadership roles across the Commission. She spent her earlier career as a civil servant in various government departments covering a wide range of topics including tax, international policy, consumer protection, competition, regulation, small business, and enterprise policy. Sarah was appointed Deputy Chief Executive in June 2020. As part of her current role, she oversees a portfolio which includes regulation of the National Lottery and the development of strategy.

Click here for Sarah Gardner's declaration of interests >

Tim Miller

Executive Director

Tim joined the Commission in 2016 after a career spanning over 15 years in the regulatory and public sector. Tim was previously Head of Policy and Communications at the Local Government Ombudsman and prior to that was Head of Public Affairs at the Parliamentary and Health Service Ombudsman. These roles followed ten years at the Law Society of England and Wales in a variety of regulatory posts. In his role at the Commission, Tim is responsible for the Commission's Research and Policy functions.

Click here for Tim Miller's declaration of interests >

John Tanner

Executive Director

John became the Executive Director and Senior Responsible Officer for the Fourth National Lottery Licence Competition (4NLC) in July 2019. John has overall responsibility for the competition including establishing governance, securing funding and engagement with DCMS to ensure the competition is fair, open and robust while maximising innovation, creativity and utilising technological advancements. Before joining the Commission, John held a variety of leadership roles with HM Revenue & Customs, the UK Home Office and the National Crime Agency focusing on the delivery of major programmes and transformation projects.

Click here for John Tanner's declaration of interests >

Kay Roberts

Executive Director

Kay was appointed as Executive Director of Operations at the Commission in September 2022. Kay has had a successful career as Head of Operations for Ombudsman Services. In this previous role, she had leadership responsibility for the delivery of dispute resolution for the Communications, Energy and Parking sectors. As a qualified Trading Standards Officer, Kay worked for local government for over 15 years, latterly as Head of Enforcement, Fraud, and Investigations for Cheshire East Council.

Overall, Kay has always had a keen interest in regulation and consumer protection, starting her career with a degree in consumer protection.

Click here for Kay Roberts's declaration of interests >

Alistair Quigley

Chief Technology Officer

Alistair has had a 30-year career in IT and started his early career managing a Midlands-based IT training centre, before spending six years with National Express, becoming their IT Director and overseeing the transport firm's rapid online growth. More recently, he was Managing Director of IVU Traffic Technologies UK, a specialist software developer providing bespoke software solutions to the public transport sector, before joining the Commission 16 years ago. Alistair leads all aspects of the Commission's Digital, Technology and Facilities functions.

Click here for Alistair Quigley's declaration of interests >

Lucy Denton

Director of Communications

Lucy joined the Commission in July 2021 having established herself as an innovative leader in government communications. She joined from the Office of the Public Guardian, an agency of the Ministry of Justice, where she led the multi-disciplinary Communications team. Her team's award-winning diversity and inclusion campaigns received notable praise within the industry.

Click here for Lucy Denton's declaration of interests >

Helen Gibson

Director of Finance and Interim Director of People Services

Helen joined the Commission in March 2022 from the Cabinet Office. Helen has over a decade of experience working in central Government, with significant experience across Finance, Corporate Services and also Operational delivery. This includes most recently leading on finance and corporate activities for the G7 Presidency Taskforce, managing through a challenging period of time to help deliver the first in-person international Summit since Covid, in June 2021.

Click here for Helen Gibson's declaration of interests >

Helen Child

Head of Governance

Helen has worked for the Commission since 2019 and has responsibility for governance, risk, advisory groups and information management. She has previously worked in the voluntary sector, and for the Metropolitan Police Service, Transport for London and the Foreign and Commonwealth Office.

Helen is a trustee of Family Society, an adoption agency operating in the Midlands.

Click here for Helen Child's declaration of interests >

Nadine Pemberton Jn Baptiste

General Counsel

Nadine joined the Commission in March 2021 and is a solicitor with extensive experience in leadership roles in compliance and enforcement matters, spanning the regulatory, criminal, and civil fields across the public sector. Throughout her career, Nadine has specialised in strategic organisational development, team change and transformation – with a well-established and proven commitment to diversity, equity, and inclusion. Since qualifying in 2003, Nadine has held roles at, the Crown Prosecution Service, the Care Quality Commission, the Child Maintenance and Enforcement Commission, the Independent Office for Police Conduct, the Revenue and Customs Prosecutions Office and Social Work England.

Click here for Nadine Pemberton Jn Baptiste declaration of interests >

Charlotte Leonard

Interim Chief Operating Officer (contract expired)

Charlotte's contract came to an end in November 2022.

Executive Team continued

Register of disclosable interests

The Commission has adopted a **Managing Conflicts of Interest Policy** to outline the approach taken to avoiding, declaring and managing the interests of Commissioners, Executives and members of advisory groups.

The policy requires eligible individuals to submit an annual declaration, alongside updates as interests are acquired or disposed of. All agendas require attendees to declare any relevant interests in agenda items at the start of each board, committee or executive meeting and absent themselves from those discussions. No directorships or other significant interests were held by board members or executives that may have conflicted with their management responsibilities.

Directors' disclosure

As far as the directors are aware, there is no relevant audit information of which the auditors have not been made aware. All reasonable steps have been taken by the directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of this information.

Statement of Accounting Officer's responsibilities

Under the Gambling Act (2005), the Secretary of State for Culture, Media and Sport has directed the Commission to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Commission and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Secretary of State for Culture, Media and Sport, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the **Government Financial Reporting Manual** have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on a going concern basis
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

DCMS have appointed the Chief Executive as Accounting Officer of the Commission. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Commission's assets, are set out in **Managing Public Money** published by HM Treasury.

As the Accounting Officer I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Commission's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Andrew Rhodes
Chief Executive
and Accounting Officer
19 July 2023

Governance Statement for the year ended 31 March 2023

This section sets out the internal control and risk management systems in place within the Commission, and the structures in place to review the efficacy of those systems.

Governance framework

The Commission has complied with government guidance for corporate governance in arm's length bodies. These requirements are primarily codified in the framework agreement with DCMS, which is currently under review by DCMS, and the Commission's governance framework.

The Commission meets the requirements of government guidance for corporate governance by:

- setting out and publishing a governance framework (see below)
- ensuring decisions are supported by effective papers and recorded in minutes
- provision of core reporting to Board, Executive Team and other committees on a regular rhythm, including financial and operational performance and risk
- annual effectiveness reviews of the Board and committees
- maintaining skills analysis and succession plans to inform Commissioner recruitment to support the public appointments process to ensure a strong mix of knowledge and experience at board level
- managing an up to date declarations of interest register and ensuring interests are managed appropriately

The Commission's governance framework, including a scheme of delegations (general, financial and regulatory), code of conduct, anti-fraud and corruption, complaint and public interest disclosure policies is published **on the website**.

Compliance with the requirements of the framework, and its effectiveness, is reviewed annually in a Board Effectiveness Review (BER).

In 2022-23 Board effectiveness was reviewed by an external organisation, testing the Commission against the Cabinet Office guidance **Board effectiveness reviews: principles and resources for arm's-length bodies and sponsoring departments**. The review tested Board effectiveness against ten indicators, finding five areas effective or partially effective, five areas in need of improvement, and no areas of gaps.

The areas in need of improvement covered the operationalisation of the corporate strategy, stakeholder communications, culture, board information (primarily relating to the timing of meetings, the length of papers, and performance reporting packs) and diversity.

An action plan to address the recommendations in the report has been approved by the Board and is in the process of implementation. A workshop has already taken place addressing some of the issues of culture and communication highlighted in the report. Action to enhance diversity has been embedded in the recent recruitment process for new Commissioners.

Decision-making and scrutiny

The Board of Commissioners, led by the Chair, Marcus Boyle, oversees the business of the Commission. The day-to-day activity of the Commission is managed by the leadership team, led by me as Chief Executive and Accounting Officer. Commissioners are responsible for the strategic direction of the organisation and oversee delivery of the Commission's business plan.

Meetings of the Board of Commissioners are governed by the Rules for the conduct of business and provide the opportunity for robust and constructive challenge and debate amongst board members and senior management.

Discussions and decisions at Board (and Committee/Executive team) are almost always supported by written papers. All Board, Committee and Executive Team meetings are minuted, and actions and decisions are logged and tracked.

During the year, a significant amount of time in formal board meetings was focused on developing the Commission's advice to the Secretary of State in relation to the Gambling Act Review, the award and implementation of the Fourth National Lottery Licence, and enhancing the Commission's performance against strategic objectives. The Board also commissioned the creation of a new Diversity and Inclusion Strategy for the Commission, and, following the closure of the Finance and Performance Committee, focussed on financial performance and the development of the business plan for 2023-24. The Board have also created several sub-committees of Commissioners and, in some cases, Commission employees, to undertake more detailed scrutiny or to make delegate decisions. The membership and remit of these committees are outlined below. Commissioners also retain direct responsibility for some regulatory decisions through the regulatory panel process.

The Commission has an induction and development process in place for Commissioners to ensure they are aware of and able to exercise their responsibilities. New Commissioners receive an extensive programme of training to ensure a solid foundation of knowledge about consumer issues in gambling and the operating environment and diversity of the sector. Existing Commissioners receive regular written briefings, training and other developmental activity.

The Commission undertakes skills analysis to inform succession planning, which supports DCMS's recruitment of Commissioners with appropriate and relevant skills.

Governance Statement for the year ended 31 March 2023 continued

BOARD

CHAIR: Marcus Boyle
SENIOR INDEPENDENT DIRECTOR: Catharine Seddon
John Baillie, Carol Brady, Stephen Cohen, Trevor Pearce, David Rossington, Andrew Rhodes (from 4 July 2023)

ADVISORY GROUPS:

- Advisory Board for Safer Gambling
- Digital Advisory Panel
- Lived Experience Advisory Panel

AUDIT AND RISK COMMITTEE

CHAIR: John Baillie
MEMBERS: Trevor Pearce, David Rossington
INDEPENDENT MEMBER: Chris Andrew

REMIT: assurance of financial and risk management processes and structures, including engagement with internal and external audit

REMUNERATION AND NOMINATIONS COMMITTEE

CHAIR: Trevor Pearce
MEMBERS: Carol Brady, Catharine Seddon

REMIT: oversight of executive level recruitment remuneration, performance management processes, board effectiveness and Commissioner recruitment (via DCMS)

NATIONAL LOTTERY COMMITTEE

CHAIR: Trevor Pearce
MEMBERS: Sarah Gardner
INDEPENDENT MEMBER: Vacant

REMIT: oversight of the Commission's management of the licensee of the 3rd licence

NATIONAL LOTTERY COMPETITION COMMITTEE

CHAIR: Stephen Cohen
MEMBERS: John Baillie, Carol Brady, David Rossington, Catharine Seddon, John Tanner
INDEPENDENT MEMBER: Was David Rossington

REMIT: programme board for the 4th National Lottery Licence competition through to implementation

REGULATORY PANEL

NOT A STANDING COMMITTEE

REMIT: convened to make regulatory decisions in respect of operator and personal licenses, and enforcement action

Audit and Risk Committee

The Audit and Risk Committee (ARC) supports the Board and the Accounting Officer in their responsibilities by monitoring the integrity of the Commission's annual statutory financial statements, reviewing the Commission's governance, internal control and risk management systems, and by reviewing the internal and external audit services.

In 2022-23 the ARC focussed particularly on the Commission's processes for horizon scanning and recognising emerging risks, and the risks associated with the Fourth National Lottery Licence competition.

In addition to Commissioners, ARC also has an independent member, Chris Andrew, who was appointed on 2 January 2019.

Finance and Performance Committee

The Finance and Performance Committee was established in May 2020 and disbanded in October 2022.

The Committee had a role in scrutinising the business plan and budget, and organisational performance monitoring. This responsibility has returned directly to the Board.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee supports the Board and Accounting Officer in their responsibilities for remuneration and performance management, senior appointments and succession planning.

In 2022-23 the Remuneration and Nomination Committee were particularly involved in the scoping of the Board Effectiveness Review and the skills analysis informing Commissioner recruitment.

National Lottery Committee

The National Lottery Committee advises the Board and the Chief Executive in relation to the exercise of certain Commission functions under the National Lottery etc. Act 1993. The Committee has decision making powers in a number of areas delegated to it by the Board. A significant part of the Committee's business is engagement with and review of the National Lottery operator's strategy and performance.

In 2022-23 the Committee's main focus was the management of end of licence risks.

National Lottery Competition Committee

The National Lottery Competition Committee advises the Board and the Chief Executive in respect of the National Lottery Fourth Licence Competition, and through oversight of the process of the Competition. The Committee has decision making powers in a number of areas delegated to it by the Board. As well as Commissioners, the Committee also had an independent member, David Rossington, until he was appointed as Commissioner in January 2023. The Senior Responsible Officer for the Competition, John Tanner, has also been a member of the Committee since November 2019.

The Committee has focused its work on transition, oversight of ongoing litigation and stakeholder management.

Regulatory Panel

The Regulatory Panel determines some licence applications and deals with significant regulatory decisions which may include the revocation of licences. The Regulatory Panel sat on **3** separate occasions during 2022-23, with each case requiring two or three Commissioners to attend for a full day hearing in addition to substantial preparation and review time.

Governance Statement for the year ended 31 March 2023 continued

The Executive Team

The Executive Team leads the management of the Commission, making decisions about projects, policy, procedure, issues and cases which cannot be resolved at an operational level as they are novel or contentious, or significantly affect the Commission's finances or staff.

The scope of the Executive team therefore extends to:

- strategic leadership of the Commission
- collective concentration on strategic issues affecting the Commission
- scrutiny and challenge of Commission policies and procedure
- review of business delivery, operational and financial performance.

The Executive Team also agrees items for escalation to the Board of Commissioners and clearing Board papers.

The Commission draws on other areas of specialist knowledge by retaining three advisory boards. Members of these boards do not have any delegated powers, but provide advice to inform Commission policy-making and practice. Members of advisory boards are bound by their codes of conduct and the Commission's Managing Conflicts of Interest Policy.

Advisory Board for Safer Gambling (ABSG)

The ABSG provides independent advice to the Commission on issues related to safer gambling and prevention of harms to inform regulation. The ABSG is chaired by Dr Anna van der Gaag CBE.

Digital Advisory Panel (DAP)

The DAP comprises experts from the digital sector, including specialists in networks, retail and logistics. The Panel provides the Commission with advice on matters regarding technology, digital trends and the implications for the Commission as a regulator. The DAP is chaired by Andy Payne.

Lived Experience Advisory Panel (LEAP)

LEAP provide advice drawn from their personal lived experience of gambling harms.

Senior Independent Director

The Senior Independent Director holds an important role within the governance structure. Consistent with the UK Corporate Governance Code and with DCMS guidance, the Board has appointed a Senior Independent Director (SID) from among its current members.

The role of the SID is to provide a Board-level lead for high standards of governance, act as a sounding-board for the Chair and act as a route to resolve any concerns about the operation of the Board.

Catharine Seddon is the SID for the the Commission.

Board performance

Meeting attendance by Commissioners is given in the following table, based on the number of meetings each Commissioner was eligible to attend:

Meeting attendance by Commissioners

Commissioner	Board	Audit and Risk Committee	Finance and Performance Committee	Remuneration and Nomination Committee	National Lottery Committee	National Lottery Competition
Marcus Boyle (Chair)	6/6	N/A	N/A	N/A	N/A	N/A
Terry Babbs (Chair of Finance and Performance Committee –resigned September 2022)	3/3	N/A	1/1	N/A	3/3	N/A
John Baillie (Chair of Audit and Risk Committee)	6/6	5/5	N/A	N/A	N/A	7/7
Brian Bannister (resigned September 2022)	3/3	2/2	0/1	N/A	1/3	N/A
Carol Brady MBE	6/6	N/A	N/A	4/4	N/A	7/7
Stephen Cohen (Chair of National Lottery Competition Committee)	6/6	N/A	N/A	N/A	N/A	7/7
Jo Hill (resigned September 2022)	2/3	1/2	1/1	N/A	N/A	N/A
Trevor Pearce CBE QPM (Chair of National Lottery Committee and Remuneration Committee)	6/6	5/5	N/A	4/4	5/5	N/A
Catharine Seddon (Senior Independent Director)	6/6	N/A	N/A	4/4	N/A	6/7
David Rossington (joined Board January 2023)	2/2	1/1	N/A	N/A	N/A	6/7
Number of meetings in year	6	5	1	4	5	7

Risk and internal control framework

Risk Management

The Board, supported by ARC, oversees the arrangements in place for risk management. The Commission's risk management framework was reviewed and revised during 2020-21, with the support of the Commission's internal auditors. The Commission operates a Risk Management Policy and Risk Registers at Programme and Corporate level. Current practice is based on regular review and updating of risks, with new and changed risks being submitted to the Executive Team and ARC for approval. ARC report quarterly to the Board, and the Board considers the corporate risk register twice a year, as well as setting the risk appetite.

The risk management strategy

The strategy outlines the objectives and policies for identifying and managing risk to the achievement of the Commission's strategic objectives and business plan. This also includes the Commission's tolerance or appetite for risk. The framework sets out management roles and responsibilities, the process for identifying and recording risk, allocating ownership of risk, evaluating risk, determining responses to risk and monitoring and reporting on progress in managing risk. The framework applies to all levels of the organisation up to the Corporate Risk Register.

The Commission's risk tolerance

The Commission's risk tolerance is expressed through the level of residual risk judged acceptable for each risk identified. Risk owners are required to identify and implement mitigating actions to reduce the residual risk value to an acceptable level.

Board performance continued

Principal risks and uncertainties facing the Commission

The principal risks and uncertainties are managed through the Commission's Corporate Risk Register as part of the internal control framework. The most significant risks facing The Commission are as follows:

1. Disruption to the transition from the Third National Lottery Licence to the Fourth National Lottery Licence.

   Mitigations have included intensive programme management of transition and robust governance structures, and focussed stakeholder engagement at senior level.

2. The uncertainty of the expectations and resources needed to deliver the Commission's obligations under the Gambling Act Review White Paper.

   Mitigations have included focussed stakeholder engagement with DCMS and recruitment of programme management staff to ensure strong planning capability is in place. Uncertainty regarding resourcing contributed to issues of forecasting accuracy.

3. The Commission's funding model does not provide sufficient flexibility for us to meet regulatory challenges.

   Mitigations have included an operations transformation programme to ensure the Commission can effectively horizon scan and cost changes to regulatory activity, and increasing focus on income modelling to improve our financial planning capability.

4. Cyber security attack resulting in inability to use digital networks and systems which halts our work.

5. Breach of personal data or sensitive commercial data through a co-ordinated cyber attack.

   Mitigations (for risk 4 and 5) include testing, incident reporting, compliance with standards and accreditations and staff training.

At the time of writing, the Commission is considering risks relating to the delivery of commitments made in the Gambling Act Review White Paper published in April 2023. These are likely to be among the most significant risks facing the Commission in the year ahead.

Internal Control

The Commission has in place a wide range of internal controls to manage the risk of failure to achieve strategic objectives. The systems of internal control described in this report have been in place for 2022-23 and up to the date of approval of the annual report and accounts. These systems include the following:

- Effective delegations – from Board to Committees, to the Executive and to individuals.
- Key control policies in place in finance, information management, governance and people services. Further detail on information management incidents can be found below.
- An internal audit programme that tests performance against the control policies.
- Complaint and Public Interest Disclosure policies that are monitored quarterly by Executive Team and the ARC. Further detail on the Public Interest Disclosure policy can be found below.
- Finance and operational performance reporting, considered monthly by the Executive Team and quarterly by Board, submitted quarterly to DCMS.
- Lessons learned exercises conducted following casework and other significant issues.

The Commission has assessed compliance with government functional standards, and has embedded the standards into the organisation's business plan as a means of planning and delivering core functions. The functional standards establish consistent ways of working and support the Accounting Officer in fulfilling his duties. The Commission meets the mandatory requirements of the functional standards and uses them to drive improvements to policy and practice.

Information security

The Commission has policies and processes in place to maintain compliance with General Data Protection Regulation (GDPR) and the Data Protection Act 2018, and related legislation. The Information Management Team support the Data Protection Officer to mitigate the risks and impacts of information security incidents, ensure effective controls are in place to deliver compliance, and manage requests from data subjects.

Information management incidents, including cyber security incidents, are reported quarterly to ARC, and the Executive Team receives escalations as needed, with an annual report to provide an overview of issues and lessons learned.

No personal data incidents met the threshold for reporting to the Information Commissioner's Office (ICO) in 2022-23. **27** information security incidents were reported and investigated internally; **0** high risk, **1** medium risk, **22** low risk and **4** very low risk. The most common cause was misdirected email (**6** incidents), accidental disclosure (**5** incidents) and phishing (**4** incidents).

The Commission's privacy policy is available on our website: **Privacy policy (gamblingcommission.gov.uk)**

Public interest disclosure policy

The Commission has a **Public Interest Disclosure Policy** (whistleblowing) in place for the confidential reporting of unlawful conduct or malpractice.

The policy is published on the Commission's website and is available to all employees and appointees. The Commission also maintains an external confidential reporting service for staff who do not wish to raise issues internally. One complaint was made under the policy in 2022-23. This was investigated and was not upheld, although some best practice recommendations were identified and have been implemented.

ARC receive quarterly updates on the number and topics of disclosures under the policy. They also track the completion of any actions recommended following investigation.

Whilst the policy is published and available to all staff, the Chair of the Commission has requested a full review of the policy and its efficacy in 2023-24.

Operational and financial reporting

- The Commission reviews and updates its business plan each year and prepares an annual budget to support the delivery of the plan.
- Performance against the budget and business plan deliverables is tracked and reported to Executive Team each month. Performance of core activity and KPIs is also reviewed by the Executive Team. Together, this performance pack is provided to the Board and DCMS each quarter.

Effectiveness of risk management and internal controls

The internal audit programme

The internal audit programme focuses on the requirement to provide assurance that the risks faced by the Commission are properly managed and controlled. Where control weaknesses are identified, these are drawn to the attention of senior managers, who are responsible for determining and implementing an appropriate response.

The Commission's internal audit function was provided by the Government Internal Audit Agency (GIAA) in 2022-23. In conjunction with the Executive Team and the Audit and Risk Committee, and using the Commission's corporate risk register, GIAA put together an audit programme to test internal control in a range of areas across the organisation.

GIAA's annual report provides an independent opinion on the adequacy and effectiveness of the Commission's system of internal control, together with recommendations for improvement. During the year, the following internal audit reviews were carried out:

- 4NL Transition management – rated **substantial** assurance
- Board Assurance Framework – advisory
- Key financial controls – expenses – rated **limited** (in relation to travel expenses) and **unsatisfactory** (in relation to home working expenses)
- Governance and financial controls – advisory
- End of licence management (Third National Lottery licence) – rated **substantial** assurance

Board performance continued

- Cloud governance – rated **moderate** assurance
- Novel products – rated **moderate** assurance
- Economic Crime Levy implementation – rated **substantial** assurance
- Licensing financial management – fieldwork took place across 22-23 and 23-24.

The unsatisfactory finding relates to the adequacy of homeworking expenditure guidance, and will be rectified as a matter of urgency. The internal audit report was received in June, and so remedial action has not yet been completed. The report did not identify any irregularity or losses.

From the Commission's Internal Auditor:

I am providing a Moderate opinion on the adequacy of the framework of governance, risk management and control within the Commission for 2022-23. My opinion is based primarily on the internal audit activity conducted during this period but is also informed by meetings with senior management and observations during attendance at the ARC, together with my wider understanding of the control environment and our previous service provision to the Commission. I have also considered the work of other assurance providers where appropriate.

Improvement actions

For each internal audit report the Commission has agreed plans of action to improve issues identified. Progress against these actions is tracked by ARC, and is subject to the approval of the internal auditors.

In addition, improvements in casework disclosure management have been identified and are also being tracked by ARC.

Following the advisory review of governance and financial controls and a lessons learned review of business planning in 2022-23, the Commission has introduced a range of changes to financial planning processes in order to improve the accuracy of the Commission's financial forecasting. These were implemented in the planning process for 2023-24.

Review of effectiveness

The process applied in reviewing the effectiveness of the system of internal controls involves reporting to the Accounting Officer:

- The nature of the control
- How it compares to government functional standards/ other relevant standards
- Any breaches or near misses in year
- The efficacy of remedial action.

Similarly, when evaluating the effectiveness of risk management systems, the Commission reviews with the Accounting Officer the movement of risks through the year, the results of horizon scanning activity, and the impact of mitigations on risk score.

Fifteen areas of control were identified. Twelve were rated as effective, three were partially effective and none were ineffective. The three partially effective controls were the corporate governance framework (based on findings in the BER), finance performance reporting (based on forecasting accuracy in 2022-23) and risk management (based on improvements required to operationalise the existing policy and framework).

Following the review of effectiveness, the Accounting Officer has met with the Governance and Finance Teams to review risk management and internal controls. He reviewed the reports outlined above, and has concluded that there has been good progress in applying and testing controls, but expects to see more work on enhancing risk management processes in the year to come. He noted that the internal audit programme had looked at challenging areas of the organisation, and expected to see a similarly robust programme in the coming year.

The Accounting Officer confirms that these risk and control systems have been in place for the year under review and up to the date of approval of the annual report and accounts.

Financial Management

The Commission's core regulatory work is funded via income derived from fees charged to the Gambling Industry. Whilst the Commission's fee income has been relatively stable recently, and the forecast is prudent, the Commission are dependent on the activity of the UK gambling market, and any changes within the industry can have an impact on future funding. The medium to long-term impact of the Gambling Act Review White Paper on the industry is not yet clear, but we will continue to review this and the potential impact on our future income.

Throughout the year, the risk to the Commission's income and expenditure profile is continually reviewed through close monitoring of actual income and expenditure and forecasts. The Commission holds reserves as a matter of prudent financial management, principally so that it can: fund substantial legal action in furtherance of its regulatory objectives; manage short-term fluctuations in its licensing income and provide for foreseeable but not yet certain liabilities and provisions. As an arms-length body the Commission does not hold reserves to cover terminal liabilities as these would be met by its parent government department.

The Commission did not fully meet standards of accuracy in financial forecasting on 2022-23. This was caused by a number of factors, including the uncertainty of the timing of white paper publication, higher than anticipated staff turnover linked to cost of living pressures and overly pessimistic assumptions on income. These issues were identified in year, and the causes were evaluated in the GIAA's advisory review and the BER. Action was taken in year to escalate oversight to the Board and make significant changes to financial and other performance reporting. These changes and lessons learned were also factored into business planning and budget setting for 2023-24.

There has been no reported actual or attempted fraud at the Commission during 2022-23. However, given the high profile of the gambling industry and the Commission within the public domain, it is important that the Commission remains proactive in identifying instances where there is potential for fraud and corruption. The Commission is developing a counter fraud culture, embedded at all levels of the organisation, which includes training and regular communication to all staff.

The quality assurance mechanisms which have been developed for the compliance and enforcement processes depend on accurate, timely and complete information to help safeguard the Commission's professional integrity and improve operational efficiency.

To ensure the Commission maintain robust controls over our expenditure we continually review our procurement arrangements. A central contracts database is in place to ensure that procurement processes are compliant, and all contracts are brought in line with central frameworks where applicable.

Remuneration and staff report

Remuneration report – Introduction

This report covers the 12 months ending 31 March 2023 and sets out the policy and disclosures in relation to the remuneration of the Commissioners and senior managers of the Commission.

Senior managers

Senior managers are normally employed directly by the Commission.

Increases in pay are performance based and are broadly in line with senior Civil Service pay bands. Performance targets are set and measured in accordance with the Commission's policy on pay and reward. The process for the agreement of the Executive Teams' performance targets, achievements against targets, and recommendations on changes in remuneration, is reviewed by the Remuneration and Nomination Committee.

Except during probation or where guilty of gross misconduct, senior managers' contracts may be terminated by either party giving 12 weeks written notice. Details of all Executive Directors serving during the year are included in the Corporate Governance report above, including the duration of their service.

Remuneration report – Remuneration (including salary)

The following provides details of the remuneration of the Commissioners and Directors.

Remuneration of Senior Managers (salary, expenses and payments in kind) – subject to audit

Directors	2022-23 Salary (in bands of £5,000)	2022-23 Bonus Payments (in bands of £5,000)	2022-23 Expenses as BiK[1] (to nearest £100)	2022-23 Pension Benefits (to nearest £1,000)	2022-23 Total (in bands of £5,000)	2021-22 Salary (in bands of £5,000)	2021-22 Bonus Payments (in bands of £5,000)	2021-22 Expenses as BiK[1] (to nearest £100)	2021-22 Pension Benefits (to nearest £1,000)	2021-22 Total (in bands of £5,000)
Andrew Rhodes[5] Chief Executive	170-175 (175-180 fye)*	–	1,000	84,000	255-260	115-120 (145-150 fye)*	–	3,500	49,000	170-175
Helen Child[2] Head of Governance (from December 2022)	25-30 (80-85 fye)*	0-5	–	29,000	55-60	–	–	–	–	–
Lucy Denton Director of Communications	85-90	–	–	34,000	120-125	60-65 (80-85 fye)*	–	–	25,000	85-90
Sarah Gardner Deputy Chief Executive	120-125	0.5	–	(13,000)	115-120	125-130	–	–	60,000	185-190
Helen Gibson Director of Finance and Interim Director of People Services	95-100	–	4,100	76,000	175-180	0-5 (90-95 fye)*	–	–	5,000	5-10
Kay Roberts Executive Director of Operations (from September 2022)	60-65 (115-120 fye)*	–	–	24,000	85-90	–	–	–	–	–
Tim Miller Executive Director – Insight and Safer Gambling	110-115	0.5	–	44,000	155-160	110-115	–	–	43,000	150-155
Nadine Pemberton Jn Baptiste General Counsel	95-100	0.5	–	38,000	135-140	90-95	–	–	36,000	125-130
John Tanner Executive Director – 4NLC	140-145	0.5	–	(29,000)	115-120	140-145	–	–	8,000	145-150
Alistair Quigley Chief Technology Officer	100-105	0.5	–	19,000	120-125	95-100	–	–	29,000	125-130
Previous Employees										
Charlotte Leonard[3] Interim Chief Operating Officer (from November 2021 to November 2022)	70-75 (105-110 fye)*	–	–	–	75-75	40-45 (105-110 fye)*	–	–	16,000	55-60
Vin Wijeratne[4] Interim Chief Financial Officer (to April 2022)	15-20	–	–	–	15-20	130-135	–	–	–	130-135

* fye = full-year equivalent.
1 BiK = Benefits in Kind for Travel and Subsistence travelling to Victoria Square House.
2 The Head of Governance role now forms part of the Executive Team from December 2022, as this is a change in year, pension disclosures will not include a prior year comparative.
3 The Interim Chief Operating Officer left during In November 22, as they left the pension scheme with less than two years of qualifying service, therefore they are not entitled to any safeguarded benefits.
4 Interim CFO was a temporary post via an agency, costs include agency fees and VAT.
5 The CEO role became permanent in June 2022, the full year equivalent reflects the salary on the permanent employment.

Fair pay disclosure – pay multiples – subject to audit

Description	2022-23	2021-22
Band of highest paid directors total remuneration (£'000)	**175-180**	150-155
Median total remuneration	**39,270**	38,124
Range of staff remuneration (£'000)	**21 to 175-180**	19 to 150-155

Description	2022-23 Pay Ratio	2022-23 Total Pay & Benefits	2022-23 Salary Component	2022-23 % Change compared to prior year	2021-22 Pay Ratio*	2021-22 Total Pay & Benefits	2021-22 Salary Component
25th percentile ratio	**5.06:1**	**35,092**	**34,566**	**13.69%**	4.94:1	30,866	30,566
Median pay ratio	**4.52:1**	**39,270**	**38,762**	**3.01%**	4.00:1	38,124	37,454
75th percentile ratio	**3.38:1**	**52,458**	**52,020**	**1.96%**	2.96:1	51,450	51,000

* 2021-22 excludes costs for the Interim CFO (which was a temporary post via an agency), whose full-time equivalent value is higher than the Interim CEO, to better reflect the fair pay disclosures.

These changes are attributable to:

i) There has been a change in the highest paid director's remuneration during the year due to the CEO moving to a permanent contract.

ii) Changes in base salary for employees who have changed roles within the Commission during 2022-23 and rebase lining of salaries on certain generic roles within the organisation.

Fair pay disclosures – subject to audit

Percentage change in total salary and bonuses for the highest paid director and staff average.

Description	2022-23 Total salary and allowances	2022-23 Bonus payments	2021-22 Total salary and allowances	2021-22 Bonus payments
Staff average	**5.95%**	**63.48%**	2.05%	-14.61%
Highest paid Director	**14.95%**	**0.00%**	4.34%	0.00%

Staff Average

The average percentage change in base salary from the previous financial year in respect of the employees of the entity taken as a whole. There was a **2%** salary increase during 2022-23 (no salary increases during 2021-22 due to a pay freeze).

The **5.95%** movement in 2022-23 (**2.05%** 2021-22) includes the changes in base salary for employees who have changed roles within the Commission during 2022-23 and rebase lining of salaries on certain generic roles within the organisation.

Bonus Average

2022-23 includes bonuses relating to performance during 2021-22 and performance during 2022-23. Historically bonuses were always paid out in the following year on completion of the annual reviews. During 2022-23 the appraisal process has changed, and quarterly reviews have been introduced.

Highest paid Director

2022-23 base salary has changed during the year due to the CEO moving to a permanent contract.

Senior Manager exits – subject to audit

Directors (2022-23)	2022-23 Total Exit Packages	Directors (2021-22)	2021-22 Total Exit Packages
There were no senior Manager exits	**£nil**	**Victoria Beaumont** Executive director – HR (to 31 December 2021)	£31,870
		Richard Watson Executive Director – enforcement and intelligence (to 31 May 2021) This was agreed and fully provided for in 2020-21	£95,000
Total exit packages	**£nil**	**Total exit packages**	£126,870

Remuneration report continued

There were no Senior Manager exits during 2022-23 (2021-22 included two exits **£126,870**). The table above shows the total cost of exit packages agreed and accounted for in 2022-23 and 2021-22.

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972.

Commissioners

The Chair and Commissioners are appointed by the Secretary of State on terms set on the basis of advice from the Civil Service Senior Salaries Review Body.

Appointments are for a period of between three and five years and may be renewed for a further term. Appointments may be terminated at any time by either party giving written notice. Marcus Boyle was appointed as Chair for a five-year term commencing 6 September 2021. Marcus's contract provides for the Chair to work two days per week on average. Commissioners work on average one day per week. Commissioners' contracts may be terminated by written notice where the Secretary of State has reason to believe that the Commissioner has been absent from Commission meetings, without explanation, for a period of longer than three months; has become bankrupt or made an arrangement with a creditor; has been convicted of a criminal offence; has breached the Code of Conduct for Board members; or has become incapacitated by physical or mental illness.

The Commissioners' appointments are not pensionable under the Civil Service pension scheme and no contributions have been paid by the Commission to any other scheme.

Independent member of Audit and Risk Committee

The Commission reappointed Chris Andrew for a second three-year term as the independent member of ARC with effect from 1 January 2022. Payment is made for this role.

Remuneration of Commissioners (salary, expenses and payments in kind) – subject to audit

Commissioners	2022-23 Salary (in bands of £5,000)	2022-23 Bonus Payments (in bands of £5,000)	2022-23 Expenses as BiK** (to nearest £100)	2022-23 Total (in bands of £5,000)	2021-22 Salary (in bands of £5,000)	2021-22 Bonus Payments (in bands of £5,000)	2021-22 Expenses as BiK** (to nearest £100)	2021-22 Total (in bands of £5,000)
Chris Andrew Independent Audit Committee Member	**0-5**	**–**	**–**	**0-5**	0-5	–	–	0-5
John Baillie	**10-15**	**–**	**400**	**15-20**	10-15	–	1,900	15-20
Marcus Boyle Chair	**50-55**	**–**	**1,500**	**55-60**	30-35 (50-55 fye)*	–	800	30-35
Carol Brady	**10-15**	**–**	**–**	**10-15**	10-15	–	–	10-15
Stephen Cohen	**10-15**	**–**	**100**	**10-15**	10-15	–	100	10-15
Trevor Pearce	**10-15**	**–**	**900**	**15-20**	10-15	–	800	10-15
David Rossington (from January 2023)	**5-10 (50-55 fye)***	**–**	**100**	**0-5**	0-5	–	–	0-5
Catharine Seddon	**10-15**	**–**	**600**	**10-15**	10-15	–	700	10-15
Previous non-executives								
Terry Babbs (to September 2022)	**5-10 (10-15 fye)***	**–**	**300**	**5-10**	10-15	–	–	10-15
Brian Bannister (to September 2022)	**5-10 (10-15 fye)***	**–**	**100**	**5-10**	10-15	–	–	10-15
Jo Hill (to September 2022)	**5-10 (10-15 fye)***	**–**	**200**	**5-10**	10-15	–	–	10-15

* fye = full-year equivalent, ** BiK = Benefits in Kind for travel and subsistence expenses to Victoria Square House.

Salary

'Salary' includes gross salary, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances and any other allowance to the extent that it is subject to United Kingdom (UK) taxation. This report is based on accrued payments made by the Commission and thus recorded in these accounts.

Apart from the Chair and Chief Executive, all Commissioners are paid a fixed amount for work that entails approximately one day of time per week. No employees or Commissioners were remunerated by way of service companies or third parties.

Expense as benefits in kind

The Commission incurred costs for travel, subsistence and accommodation in respect of the Chairman and the Commissioners whilst attending meetings at Victoria Square House. These expenses could be viewed as benefits in kind and treated by HM Revenue and Customs (HMRC) as a taxable emolument. To avoid doubt, such taxes are paid by the Commission.

The Commission also incurred costs for travel, subsistence and accommodation in respect of some Senior Management whilst attending meetings at Victoria Square House. These expenses could be viewed as benefits in kind and treated by HMRC as a taxable emolument. To avoid doubt, such taxes are paid by the Commission.

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. There were **£14,775** bonuses paid to Directors during 2022-23 (2021-22: **£nil**).

Remuneration report – Pension entitlements

The following provides details of the pension interests of the Commissioners and Directors – subject to audit.

Pension benefits 2022-23 – subject to audit

Description	Accrued pension at pension age as at 31/03/23 (in bands of £5,000)	Accrued lump sum pension at pension age as at 31/03/23 (in bands of £5,000)	Real increase in pension at pension age (in bands of £2,500)	Real increase in pension lump sum at pension age (in bands of £2,500)	CETV* at 31/03/23 £'000s	CETV* at 31/03/22 £'000s	Real increase in CETV* £'000s	Employer contribution to partnership pension account (nearest £100)
Andrew Rhodes Chief Executive Officer	40-45	–	2.5-5	–	563	457	43	–
Helen Child Head of Governance	5-10	–	0-2.5	–	58	39	12	–
Lucy Denton Director of Communications	10-15	–	0-2.5	–	90	69	11	–
Sarah Gardner[1] Deputy Chief Executive	45-50	75-80	0-2.5	–	700	648	-25[2]	–
Helen Gibson Director of Finance and Interim Director of People Services	30-35	50-55	2.5-5	2.5-5	450	362	43	–
Kay Roberts Executive Director of Operations (from September 2022)	0-5	–	0-2.5	–	15	–	10	–
Tim Miller Executive Director – Insight and Safer Gambling	15-20	–	2.5-5	–	173	139	18	–
Nadine Pemberton General Counsel	0-5	–	0-2.5	–	49	23	18	–
John Tanner[1] Executive Director – 4NLC	70-75	190-195	–	–	1,642	1,528	-50[2]	–
Alistair Quigley Chief Technology Officer	30-35	–	0-2.5	–	500	447	4	–

* CETV = Cash Equivalent Transfer Values.

1 Final salary member (classic/classic plus/premium) who has transitioned to alpha. The final salary pension of a person in employment is calculated by reference to their pay and length of service. The pension will increase from one year to the next by virtue of any pay rise during the year. Where there is no or a small pay rise, the increase in pension due to extra service may not be sufficient to offset the inflation increase – that is, in real terms, the pension value can reduce, hence the negative values.

2 Taking account of inflation, the CETV funded by the employer has decreased in real terms.

Remuneration report continued

Pay multiples – subject to audit

The Commission is required to disclose the relationship between the remuneration of the highest-paid director in the organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in the Commission in the financial year 2022-23 was **£175,000** to **£180,000** (2021-22 **£150,000** to **£155,000**). This was **4.52 times** (2021-22 **4.00 times**) the median remuneration of the workforce, which was **£39,270** (2021-22 **£38,124**).

In 2022-23, **0** (2021-22 **0**) employees received remuneration in excess of the highest paid director. Remuneration ranged from **£21,000** to **£176,000** (2021-22 **£19,000** to **£154,000**).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Average number of persons employed – subject to audit

The average number of whole-time equivalent persons employed during the year was as follows:

Description	Permanently Employed Staff	Temporarily Employed Staff	2022-23 Total £'000s	2021-22 Total £'000s
Directly Employed	290	25	315	319
Agency staff	–	4	4	2
Total	**290**	**29**	**319**	321

Number of Senior Staff by Grade

Grade	2022-23	2021-22
17	1	1
16	7	4
15	2	2
Non-Executive Directors	7	9
Total	**17**	16

The total number of Senior Staff by grade was as follows.

The Commission have **ten** Executive Directors and the **seven** Non-Executive Directors, these are the only staff categorised as being at a grade equivalent to the senior civil service.

Staff report

Analysis of Commissioners and employee costs – audited information

Description	2022/23 Permanent £'000s	2022/23 Short term £'000s	2022/23 Total £'000s	2021/22 Total £'000s
Salaries and wages	**12,655**	**1,088**	**13,743**	13,897
Social security costs	**1,478**	**121**	**1,599**	1,496
Other pension costs	**3,400**	**279**	**3,679**	3,637
Total Commissioners and staff costs	**17,533**	**1,488**	**19,021**	19,030

Retirement benefits

The following disclosures are made in accordance with IAS 19, 'Employee Benefits'.

Employees

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as 'alpha' – are unfunded multi-employer defined benefit schemes, but the Commission is unable to identify its share of the underlying assets and liabilities.

The scheme actuary valued the PCSPS as at 31 March 2016. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation.

For 2022-23, employers' contributions of **£3,641,665** were payable to the PCSPS (2021-22 **£3,594,657**) at one of four rates in the range **26.6 %** to **30.3 %** of pensionable earnings, based on salary bands.

The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2022-23 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of **£38,687** were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and ranged from **8%** to **14.75%**.

Employers also match employee contributions up to **3%** of pensionable earnings. In addition, **0.5%** of pensionable pay was payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were **£399,239**. No contributions were pre-paid.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015, a new pension scheme for civil servants was introduced – the CSOPS or **alpha** – which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date, all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme **(PCSPS)**. The **PCSPS** has four sections: three providing benefits on a final salary basis **(classic, premium or classic plus)** with a normal pension age of 60; and one providing benefits on a whole career basis **(nuvos)** with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic, premium, classic plus, nuvos** and alpha are increased annually in line with Pensions Increase legislation.

Existing members of the **PCSPS** who were within 10 years of their normal pension age on 1 April 2012 remained in the **PCSPS** after 1 April 2015. Those who were between 10 years

Staff report continued

and 13 years and five months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their **PCSPS** benefits 'banked', with those with earlier benefits in one of the final salary sections of the **PCSPS** having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in **PCSPS** or **alpha** – as appropriate. Where the official has benefits in both the **PCSPS** and **alpha** the figure quoted is the combined value of their benefits in the two schemes).

Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between **4.6%** and **8.05%** for members of **classic, premium, nuvos** and **alpha**. Benefits in **classic** and **classic plus** accrue at the rate of **1/80th** of final pensionable earnings for each year of service.

In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For **premium**, benefits accrue at the rate of **1/60th** of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid, with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**.

In **nuvos** a member builds up a pension based on pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with **2.3%** of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to nuvos, except that the accrual rate is **2.32%**. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between **8%** and **14.75%** (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of **3%** of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further **0.5%** of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic, premium** and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figures quoted for officials show pension earned in **PCSPS** or **alpha** – as appropriate. Where the official has benefits in both the **PCSPS** and **alpha** the figure quoted is the combined value of their benefits in the two schemes but note that part of that pension may be payable from different ages).

Further details about the Civil Service pension arrangements.

Cash Equivalent Transfer Values (CETV)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost.

CETVs are worked out in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Former Director General – OFLOT

Upon the merger between the Commission and the National Lottery Commission in 2013, the Commission inherited a pension liability for a former Director General of OFLOT from 1993 to 1998. This pension is an unfunded defined benefit scheme which has benefits by analogy to the PCSPS and is paid directly from the Commission's own funds. In 2001, upon the recipient reaching retirement age, pension payments commenced.

A full actuarial valuation of the schemes was carried out by the Government Actuary at 31 March 2023 and the present value of the liability at 31 March 2023 is **£177,000**.

Off-payroll appointments

i) For all off-payroll engagements as of 31 March 2023, for more than £245 per day and that last for longer than six months

For all off-payroll engagements as of 31 March 2023, for more than **£245** per day and that last for longer than six months.	
No. of existing engagements as of 31 March 2023	**3**
No. that have existed for less than one year at time of reporting.	**2**
No. that have existed for between one and two years at time of reporting.	**1**
No. that have existed for between two and three years at time of reporting.	**nil**
No. that have existed for between three and four years at time of reporting.	**nil**
No. that have existed for four or more years at time of reporting.	**nil**

Confirmation that all existing off-payroll engagements, outlined previously, have at some point been subject to a risk-based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, that assurance has been sought.

Internal processes followed. Appointments based on agency arrangements who are responsible for assuring all payments are compliant. IR35 assessments conducted and determined that we would have accepted, or would accept, a substitute and that the worker or their business will have to fund costs before we pay them.

Staff report continued

Off-payroll appointments

ii) For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2022 and 31 March 2023, for more than £245 per day and that last for longer than six months

Data definitions	
Number of new engagements, or those that reached six months in duration, between 1 April 2022 and 31 March 2023.	12
Number assessed as caught by IR35.	6
Number assessed as not caught by IR35.	6
Number engaged directly (VIA PSC contracted to department) and are on the departmental payroll.	nil
Number of engagements reassessed for consistency and/or assurance purposes during the year.	nil
Number of engagements that saw a change to IR35 status following the consistency review.	nil

iii) For any of-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2022 and 31 March 2023

Data definitions	Number of payroll engagements
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	1
Total number of individuals on payroll and off-payroll that have been deemed 'board members, and/or, senior officials with significant financial responsibility', during the financial year.	22

Reporting of Civil Service and other compensation schemes – exit packages – subject to audit

Exit package cost band (including any special payment element)	2022-23 Number of compulsory redundancies	2022-23 Number of other departures agreed	2022-23 Number of exit packages by cost band	2021-22 Number of exit packages by cost band
£0 – £25,000	–	4	4	3
£25,001 – £50,000	–	1	1	3
£50,001 – £100,000	–	1	1	2
£100,001 – £150,000	–	–	–	–
£150,001 – £200,000	–	–	–	–
Greater than £200,000	–	–	–	–
Total number of exit packages	–	6	6	8

Exit package cost band (including any special payment element)	2022-23 Cost of compulsory redundancies (by band) £'000s Costs excluding CILON	2022-23 Cost of compulsory redundancies (by band) £'000s CILON	2022-23 Cost of other departures agreed (by band) £'000s Costs excluding CILON	2022-23 Cost of other departures agreed (by band) £'000s CILON	2022-23 Total exit packages by cost band Number £'000s	2021-22 Total exit packages by cost band Number £'000s
£0 – £25,000	–	–	26	3	29	61
£25,001 – £50,000	–	–	36	1	37	106
£50,001 – £100,000	–	–	79	1	80	162
£100,001 – £150,000	–	–	–	–	–	–
£150,001 – £200,000	–	–	–	–	–	–
Greater than £200,000	–	–	–	–	–	–
Total number of exit packages	–	–	141	5	146	329
					£	£
Total exit costs paid in year					**145,719**	329,794
Highest paid (excl. CILON)					**78,737**	95,000
Median paid (excl. CILON)					**7,803**	32,386
Lowest paid (excl. CILON)					**4,962**	17,981

Compensation for loss of office – subject to audit

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972.

The previous table shows the total cost of exit packages agreed and accounted for in 2022-23 (2021-22 comparative figures are also given).

6 employees left under Voluntary Exit terms during 2022-23. They received separate compensation payments totalling **£145,719** which were paid in 2022-23, the year of departure.

None of the employees affected were senior managers or executives.

Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme.

Ill-health retirement costs are met by the pension scheme and are not included in the previous table. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme.

Professional Services External Resources (non-payroll staff)

Consultancy costs

During 2022-23, the Commission incurred consultancy costs totalling **£189k** (2021-22 **£3,078k**), **£123k** relates to costs for the National Lottery Competition. Decrease during the year due to a contract with Rothchild concluding in 2022. Below shows a summary of costs by consultancy type:

Type	2022-23 £'000s	2021-22 £'000s
Human Resource, Training & Education Consultancy	–	3
Finance Consultancy	**123**	3,030
IT/IS Consultancy	**37**	–
Technical Consultancy	**29**	45
Total	**189**	3,078

Staff report continued

Professional Services External Resources (non-payroll staff) continued

Temporary (non-payroll) Staff

During 2022-23, the Commission incurred agency staff costs totalling **£102k** (2021-22 **£1,211k**). 2021-22 included costs for an Interim CFO (see Remuneration of Senior Managers Section) and 4NLC Specialist Contractors.

Below shows a summary of costs by type:

Type	2022-23 £'000s	2021-22 £'000s
GC – Temporary Workers – Admin and Clerical	**8**	10
GC – Interim Managers	**94**	167
4 NLC – Specialist Contractors	**–**	1,033
Total	**102**	1,211

Employment Statistics for 2022-23 (as at 31 March 2023)

Department Split Summary

Organisational area	As at 31 March 2023 Number of employees	As at 31 March 2022 Number of employees
National Lottery	**36**	32
Regulatory Delivery Operations	**132**	115
Enabling Services	**168**	163
Total	**336**	310

Employees by Department

Directorate	As at 31 March 2023 Number of employees	As at 31 March 2022 Number of employees
3rd National Lottery License	**17**	15
4th National Lottery Competition	**19**	18
Compliance and Licensing	**73**	68
Enforcement, Intelligence, Sports Betting Intelligence (SBI) and Anti-Money Laundering (AML)	**59**	45
Communications and Engagement	**25**	21
Finance, Legal, People Services and Project Management Office (PMO)	**40**	36
Data Infrastructure Projects	**0**	1
Digital and Technology and Facilities	**20**	29
Executive	**12**	11
Governance and Information Management	**12**	10
Research and Policy	**45**	44
Strategy	**14**	11
Total	**336**	310

Total Employment by contract type

Contract type	As at 31 March 2023 Number of employees	As at 31 March 2022 Number of employees
Fixed term employees	**29**	24
Permanent employees	**307**	286
Total	**336**	310

Diversity – Disability

Data definitions	As at 31 March 2023 Number of employees	As at 31 March 2022 Number of employees
Employees with a disability as defined under the Equality Act 2010	**26**	17
Employees without a disability as defined under the Equality Act 2010	**287**	21
Not disclosed	**23**	272
Total	**336**	310

Policies for Disabled People

We display the 'Disability Confident' kite mark and 'Happy to talk flexible working' to send a clear signal that our organisation welcomes applications from everyone and is an inclusive employer. We are happy to offer flexible working options across the Commission and always ask at interview what people are looking for and try to accommodate where possible.

At interview stage we offer reasonable adjustments to ensure equal opportunity for all applicants to share their competencies. Every new starter receives an office and technology orientation, as well as a face-to-face Display Screen Equipment (DSE) assessment and a Health and Safety training session within the first few days of joining. This allows us to ensure that colleagues can work safely, comfortably, and where any reasonable adjustments may be required, ensure that these are addressed.

Our website is fully accessible thanks to the redesign work led by our Digital team who are ambassadors for accessibility and have delivered awareness training and development support to all colleagues during the past 18 months.

Diversity – Ethnic origin

Data definitions	As at 31 March 2023 Number of employees	As at 31 March 2022 Number of employees
Asian or Asian British – Indian	**19**	16
Asian or Asian British – Other	**1**	0
Asian or Asian British – Pakistani	**8**	6
Black or Black British – African	**5**	2
Black or Black British – Caribbean	**5**	5
Mixed – White and Asian	**1**	2
Mixed – White & Black Caribbean	**4**	3
Not Disclosed	**8**	8
Other Ethnic Background	**6**	1
Other Mixed Background	**3**	1
Other White Background	**5**	5
White British	**242**	248
White Irish	**7**	4
Prefer Not to Say	**22**	8
Total	**336**	310

Staff report continued

Employment Statistics for 2022-23 (as at 31 March 2023) continued

Diversity – Age

	As at 31 March 2023	As at 31 March 2022
Age range	Number of employees	Number of employees
25 and under	14	3
26-34	73	79
35-44	114	105
45-54	94	87
55-64	41	36
Total	**336**	310

Diversity – Gender

2022-23 (as at 31 March 2023)				
Sex	Directors	Senior Management	Other Employees	Total
Female	6	10	162	178
Male	4	9	145	158
Total	**10**	**19**	**307**	**336**

2021-22 (as at 31 March 2022)				
Female				
Male				
Total				

We are committed to promoting equality, diversity, and inclusion (EDI) throughout the organisation. We are proud of the action we are taking to support EDI and wellbeing both through our recruitment processes and internal policies to support our ethos of creating a diverse culture.

Sickness rates

	2022-23	2021-22
Quarters	% of working days lost	% of working days lost
Quarter 1	2.16%	2.99%
Quarter 2	2.38%	3.72%
Quarter 3	2.40%	4.49%
Quarter 4	2.79%	3.79%
Total	**2.43%**	3.75%

During the year, the average proportion of working days lost to sickness was **2.43%** (2021-22 **3.75%**) which includes long term absence related to mental health, covid, cold and/or flu and extended periods of recovery following operations. Our occupational health and employee assistance partners provide us with ongoing support for colleagues and management alike.

Staff turnover percentage

As of 31 March 2023, the staff turnover percentage at the Commission was **15.02%** (**15.3%** as at 31 March 2022). We will continue to report this figure in future years in line with Cabinet Office guidance.

Trade Union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. These regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation.

Relevant union officials

There were **9** employees who were relevant union officials during 2022-23.

There were **7.94** full time equivalent employees who were relevant union officials during 2022-23. In 2021-22 there were **8** full-time equivalent union officials.

Percentage of time spent on facility time

	As at 31 March 2023	As at 31 March 2022
Percentage	**Number of employees**	Number of employees
0%	**–**	–
1-50%	**9**	8
51-90%	**–**	–
100%	**–**	–

Percentage of pay bill spent on facility time

	As at 31 March 2023	As at 31 March 2022
Data definitions	**£'000s**	£'000s
Total cost of facility time	**27**	26
Total pay bill	**19,326**	19,166

The percentage of the total pay bill spent of facility time was **0.14%** in 2022-23 and 2021-22.

Paid trade union activities

7% of time was spent on paid trade union activities as a percentage of total paid facility time in 2022-23 and **9%** in 2021-22.

Colleague Engagement

Overall colleague engagement is currently **61%** which has continued to improve since 2021 (**56%**). The Commission has been certified as a Great Place to Work and achieved UK Best Workplace recognition during 2022, reflecting on the positive action being taken to provide colleagues with a positive and rewarding work experience. Our priorities during 2023 include Leadership, Strategy and investing in Careers & Development.

Health & Safety

Here at the Commission, we recognise our legal requirements under the Health and Safety at work act 1974, we consistently ensure as far as reasonably practicable that we meet all legal requirements that are expressed within the Act and the many Approved Codes of Practice associated with it. There have been **3** accidents reported in the last 12 months, of which none of these were Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) reportable.

Staff report continued

Employment Statistics for 2022-23 (as at 31 March 2023) continued

Employee Wellbeing

We genuinely care about the health and wellbeing of our colleagues. Our leadership communications convey genuine sentiment that colleagues' health and wellbeing is of primary importance. These messages set the tone for our wellbeing culture and filters down through line managers and across colleagues.

Our colleagues recognise and value our wellbeing-focused culture which was evidenced in the latest annual colleague survey.

We provide a wide range of services and access to support which include an Employee Assistance Programme and access to free counselling, Mental Health First Aiders, monthly 'no meeting day' in the calendar for all colleagues, flexible working policies, Occupational Health support, a Dignity at Work Helpline and menopause advocates.

We've created a Domestic Abuse/Violence toolkit offering guidance to support our line managers, which has enabled them to recognise warning signs, as well as facilitate conversations.

Hybrid Working

As a result of listening to colleagues' voices, through the pulse survey and the various forums, our Executive Team decided to retain Hybrid working and, to support the department heads, published a set of Hybrid Working Principles to facilitate this, which empowered and enabled each department to determine the hybrid working arrangements that met their needs. Informal feedback across the Commission concludes that Hybrid working practices continue to be a huge benefit to colleagues in terms of financial and wellbeing impacts.

Parliamentary Accountability and Audit Report

Fees and charges

In accordance with Managing Public Money, entities should provide an analysis of fees and charges income where material.

The Commission aims to ensure that the costs incurred in delivering the organisation's strategic objectives are recovered from the industry through application and licence fees set by the Secretary of State. We periodically review our costs to drive efficiency and value for money as well as review our approach to cost recovery via fees to see how it could be made more equitable.

Current application and licence fees range from **£235** to **£907,832** dependent on operator size and licence type. The Commission's total income from fees and other sources was **£26.09 million** for the year (2021-22 **£20.18 million**). Further analysis of fees and charges is provided in the Performance Analysis section.

Regularity of expenditure

Losses and special payments – subject to audit

Managing Public Money states that individual losses and special payments of more than **£300,000** should be noted separately.

There were no losses or special payments exceeding **£300,000** during 2022-23 (2021-22 **nil**).

Gifts – subject to audit

Managing Public Money states any gifts made over the limits proscribed limits should be disclosed.

There were no gifts made during 2022-23.

Remote contingent liabilities – subject to audit

Managing Public Money states any material remote contingent liabilities (that is, those that are disclosed under parliamentary reporting requirements and not under IAS 37) should be reported.

There are seven remote contingent liabilities relating to a mixture of tribunals and legal challenges assessed as up to a **10%** probability of incurring costs totalling **£255,760** as at 31 March 2023 (2021-22 **£370,102**).

The remote contingent liabilities figure has been calculated under the guidance of IAS 37 and IAS 19, based on events existing at the balance sheet date.

As Accounting Officer, I confirm that the Annual Report and Accounts as a whole is in my judgement fair, balanced and understandable.

Andrew Rhodes
Chief Executive
and Accounting Officer
19 July 2023

The report of the Comptroller and Auditor General to the Houses of Parliament

Opinion on financial statements

I have audited the financial statements of the Gambling Commission for the year ended 31 March 2023 under the Gambling Act 2005.

The financial statements comprise

- Statement of Financial Position as at 31 March 2023;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of of the Gambling Commission's affairs as at 31 March 2023 and of the Gambling Commission's net expenditure for the year then ended; and
- have been properly prepared in accordance with the Gambling Act 2005 and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of the Commission in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Gambling Commission's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on of the Gambling Commission's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Commission and the Accounting Officer with respect to going concern are described in the relevant sections of this report.

The going concern basis of accounting for the Gambling Commission is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises the information included in the Annual Report, but does not include the financial statements nor my auditor's report. The Commission and the Accounting Officer are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Gambling Act 2005.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions made under the Gambling Act 2005; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of of the Gambling Commission's and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- Adequate accounting records have not been kept by the Gambling Commission or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

The report of the Comptroller and Auditor General to the Houses of Parliament continued

Responsibilities of the Commission and Accounting Officer for the financial statements

As explained more fully in the Statement of the Commission and Accounting Officer's Responsibilities, the Commission and Accounting Officer are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Gambling Commission from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with Secretary of State directions made under the Gambling Act 2005;
- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with Secretary of State directions made under the Gambling Act 2005; and
- assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Commission and Accounting Officer anticipates that the services provided by the Gambling Commission will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and report on the financial statements in accordance with the Gambling Act 2005.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Gambling Commission accounting policies, key performance indicators and performance incentives.
- inquired of management, the Gambling Commission's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Gambling Commission's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Commission's controls relating to the Gambling Commission's compliance with the Gambling Act 2005 and Managing Public Money;
- inquired of management, the Gambling Commission's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud;

- discussed with the engagement team and the relevant internal and external specialists, including legal, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Gambling Commission for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Gambling Commission's framework of authority and other legal and regulatory frameworks in which the Gambling Commission operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Gambling Commission. The key laws and regulations I considered in this context included the Gambling Act 2005 and Managing Public Money.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Committee and in-house and external legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- in addressing the risk of fraud in revenue recognition, assessing the design and implementation of controls over invoice raising and new licence awards in year; and testing the appropriateness of revenue transactions.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal specialists and external specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities.

This description forms part of my report.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies

Gareth Davies

19 July 2023

Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Financial statements

Statement of comprehensive net expenditure (SoCNE)

for the year ended 31 March 2023

Description	Notes	31 March 2023 £'000s	31 March 2022 £'000s Restated
Income			
Licence fee income	5b	**25,703**	19,894
Other income	5c	**387**	282
Total Operating Income		**26,090**	20,176
Expenditure			
Staff costs	4a	**(19,021)**	(19,167)
Other expenditure	4b	**(20,987)**	(24,338)
Provision expense	4c	**–**	(120)
Interest cost on pensions liability	4c	**(3)**	(3)
Depreciation and amortisation	4c	**(38)**	(538)
Finance lease depreciation	4c	**(856)**	(942)
Total Operating Expenditure		**(40,905)**	(45,108)
Net Operating Expenditure		**(14,815)**	(24,932)
Interest received	5b	**457**	10
Finance costs	4b	**(10)**	(84)
Finance expense	4b	**(20)**	(19)
Corporation Tax	4b	**(87)**	(2)
Net expenditure for the year		**(14,475)**	(25,027)*
Other comprehensive expenditure			
Acturial Gain/Loss on pension scheme liabilities	14	**23**	(11)
Comprehensive net expenditure for the year		**(14,452)**	(25,038)*

* 2021-22 numbers restated, further information is included in Note 2 of the accounts.

The notes on pages 70 to 95 form part of these accounts.

The Commission receives GIA funding which covers fully National Lottery expenditure.

GIA is treated as a financing transaction rather than revenue and is taken directly to reserves.

GAMBLING COMMISSION

Statement of financial position

for the year ended 31 March 2023

Description	Notes	31 March 2023 £'000s	31 March 2022 £'000s Restated	1 April 2021 £'000s Restated
Non-current assets				
Property, plant and equipment	6	**1,057**	649	693
Finance leases	7	**2,158**	3,004	3,945
Intangible assets	8	**184**	323	553
Total non-current assets		**3,399**	3,976	5,191
Current assets				
Trade and other receivables	11	**12,728**	21,850	12,188
Cash and cash equivalents	10	**30,051**	27,325	17,556
Total current assets		**42,779**	49,175	29,744
Total assets		**46,178**	53,151	34,935
Current liabilities				
Trade and other payables	12	**28,381**	42,500	25,349
Provisions for liabilities and charges	13	**1,542**	1,660*	1,521*
Retirement benefit obligations	14	**18**	16	16
Short term lease liabilities	15	**757**	869	932
Total current liabilities		**30,698**	45,045*	27,818*
Total assets less current liabilities		**15,480**	8,106*	7,117*
Non-current liabilities				
Deferred Income	12b	**566**	534	628
Long term lease liabilities	15	**1,735**	2,460	3,305
Retirement benefit obligations	14	**159**	197	199
Total non-current liabilities		**2,460**	3,191	4,132
Total assets less total liabilities		**13,020**	4,915*	2,985*
Taxpayers' equity				
Income & Expenditure Reserve		**13,020**	4,915*	2,985*
Total equity		**13,020**	4,915*	2,985*

* 2021-22 numbers restated, further information is included in Note 2 of the accounts.

Andrew Rhodes
Chief Executive and Accounting Officer
Gambling Commission
19 July 2023

Financial statements

Statement of cash flow

for the year ended 31 March 2023

Description	Notes	31 March 2023 £'000s	31 March 2022 £'000s Restated
Cash flows from operating activities			
Net Operating Expenditure	SoCNE	**(14,815)**	(24,932)*
Adjustments for non-cash transactions expenditure	4c	**897**	1,850*
Trade and other receivables – (Increase)/Decrease in trade and other receivables	11	**9,122**	(9,662)
Trade and other payables – Increase/(Decrease) in trade payables	12a & 12b	**(14,077)**	17,056
Adjustments for Corporation Tax	4b	**(87)**	(2)
Use of provisions – utilised in year	13	**(138)**	(247)
Pension schemes (Expected Return on Assets and Interest on Liabilities are included in non-cash adjustments)			
Unfunded pension scheme – payments	14	**(16)**	(16)
Net cash inflow/(ouflow) from operating activities		**(19,114)**	(15,953)
Cash flows from investing activities			
Purchase of property, plant and equipment and finance lease			
Additions	6 & 7	**(317)**	(264)
Interest Received	5b	**457**	10
Net cash inflow/(ouflow) from investing activities		**140**	(254)
Cash flows from financing activities			
GIA received from DCMS	20	**22,557**	26,968
Lease liability payments	15	**(857)**	(992)
Net cash inflow/(ouflow) from financing activities		**21,700**	25,976
Net increase/(decrease) in cash and cash equivalents in the period		**2,726**	9,769
Cash and cash equivalents at the beginning of the period	10	**27,325**	17,556
Cash and cash equivalents at the end of the period	10	**30,051**	27,325

* 2021-22 numbers restated; further information is included in Note 2 of the accounts.

Statement of changes in taxpayers' equity

for the year ended 31 March 2023

Description	Notes	Pension scheme reserves £'000s	General Fund £'000s	Total Reserve £'000s
Balance at 31 March 2021		(215)	4,406	4,191
Movements in Reserves				
Prior period adjustment	2	–	(1,206)	(1,206)
Balance at 1 April 2021 – Restated *		**(215)**	**3,200**	**2,985**
Changes in tax payers' equity				
Other Adjustments				
GIA received from DCMS	20	–	26,968	26,968
Movements in Reserves				
Actuarial gains/losses	14	(11)	–	(11)
Transfers to/from other reserves		13	(13)	–
Total		2	(13)	(11)
SoCNE – Retained (Surplus)/Deficit for year		–	(25,027)*	(25,027)*
Balance at 31 March 2022 – Restated*		(213)	5,128*	4,915*
Changes in tax payers' equity				
Other Adjustments				
Grant in aid received from DCMS	**20**	**–**	**22,557**	**22,557**
Movements in Reserves				
Actuarial gains/losses	**14**	**23**	**–**	**23**
Transfers to/from other reserves		**13**	**(13)**	**–**
Total		**36**	**(13)**	**23**
SoCNE – Retained (Surplus)/Deficit for year		**–**	**(14,475)**	**(14,475)**
Balance at 31 March 2023		**(177)**	**13,197**	**13,020**

* 2021-22 restated, further information is included in Note 2 of the accounts.

Notes to the accounts for the 12 months ended 31st March 2023

1: Statement of accounting policies

The policies adopted are in accordance with the International Financial Reporting Standards (IFRS), to the extent they are meaningful and appropriate in the public sector context, as adopted and interpreted by the 2022/23 Financial Reporting Manual (FReM) issued by HM Treasury (HMT).

a) Accounting conventions

These are the accounts for the Commission covering the twelve months from 1 April 2022 to 31 March 2023. They have been prepared in a form directed by the Secretary of State for DCMS with the approval of HMT, in accordance with Schedule 4 of the Gambling Act 2005 (The Act).

A copy of the accounts direction can be obtained from the Commission. The particular policies adopted by the Commission are described in this section and have been applied consistently during the year. No new accounting standards have been adopted during the year.

b) Non-current assets

Non-current asset purchases are capitalised if the original purchase price of an item or group of related items is **£2,500** or more and the asset or group of assets has a useful life that exceeds one year. Purchased software licences are classified as intangible assets.

Valuation of non-current assets

The value of the Commission's property, plant and equipment, finance leases and intangibles are estimated based on the period over which the assets are expected to be available for use. Such estimation is based on experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence or legal or other limits on the use of an asset.

Extension options

At lease commencement the Commission makes a decision as to whether it is reasonably certain to be exercising break clauses and extension options. This judgement impacts the length of the lease term impacting the lease liabilities and finance leases. This is reviewed if there is a significant event or significant change of circumstances during 2022-23.

Provisions, Contingent Liabilities and Contingent Assets

Provisions are assessed according to International Accounting Standards (IAS) 37 guidance, ensuring a legal or constructive obligation exists at the balance sheet date, which have a probable outflow of economic resources and can be measured reliably. Provisions and contingent liabilities, are measured at the best estimate (including risk and uncertainties) of the expenditure required to settle the present obligation, and reflects the present value of expenditures required to settle the obligation where the time value of money is material.

A contingent asset is included where a possible asset is identified in line with IAS 37. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of the period in which the change occurs.

Depreciation and amortisation

Depreciation and amortisation are provided on all non-current assets on a straight-line basis to write off the cost or valuation evenly over the asset's currently anticipated life as shown in the following table.

Anticipated life of assets

- IT Hardware – 4 years
- IT Software Licences – Over the life of the licence
- IT Developed Software – 5 years
- Furniture, fixtures & fittings – 10 years
- Equipment – 7 years
- Telecoms – 7 years
- Motor Vehicles – 4 years
- Finance lease – Over the life of the lease

Depreciation and amortisation are charged in full in the month following acquisition of the asset, with no charge being made in the month of disposal. No amortisation is charged on software development until the asset is completed.

Property, plant & equipment

Property, plant and equipment is stated at depreciated historic cost as a proxy for fair value. All of the Commission's assets are short life assets (less than 10 years) and therefore depreciated historic cost is not considered to be materially different from fair value. A review of property, plant and equipment is undertaken annually to ensure that all items are still in use and that disposals have been appropriately treated through the year.

Property leases assessed for IFRS 16 finance leases are valued using a cost model which has been used as a proxy for current value as the underlying asset value of the short lease is unlikely to fluctuate significantly.

Annual reviews are also undertaken to identify any impairment of assets in accordance with the IAS 36. Any gain or loss arising from the disposal of property, plant and equipment is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the SoCNE account as other income or other expenditure.

Intangible assets

The Commission's intangible assets are recorded in accordance with IAS 38. IAS 38 sets out the criteria for recognising and measuring intangible assets and requires disclosures about them. An intangible asset is an identifiable non-monetary asset without physical substance. Such an asset is identifiable when it is separable, or when it arises from contractual or other legal rights.

Under IFRS software development is classified as an intangible asset. Expenditure on development is capitalised only where all of the following can be demonstrated:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use
- the Commission intends to complete the asset and sell or use it
- the Commission has the ability to sell or use the asset
- the intangible asset will generate probable future economic or service delivery benefits, for example there is a market for it or its output, or where the asset is to be used for internal use, the usefulness of the asset can be determined
- there are adequate financial, technical and other resources available to the Commission to complete the development and sell or use the asset
- the Commission can measure reliably the expenses attributable to the asset during development.

Internal staff costs that have been directly incurred in the implementation of capital projects are identified as capital expenditure, provided that they satisfy the conditions of IAS 38. Research costs have not been capitalised.

Software purchases that have not required development prior to completion are identified as additions within the category software in the intangible fixed asset note.

In accordance with the FReM, all intangible assets are carried at fair value. Depreciated historical cost is used as a proxy for fair value, which is considered not to be materially different from fair value.

Revaluation

Increases in value are credited to the Revaluation Reserve, unless it is a reversal of a previous impairment. Reversals are credited to the Consolidated SoCNE to the extent of the previous impairment and any excess is credited to the Revaluation Reserve, in accordance with IAS 36, the Impairment of Assets.

On disposal of a revalued asset, the balance on the Revaluation Reserve in respect of that asset becomes fully realised and is transferred to the General Fund. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated SoCNE.

c) Pension costs

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), which is a defined benefit scheme and is unfunded and contributory.

The Commission recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis.

Notes to the accounts for the 12 months ended 31st March 2023

Upon the merger between the Commission and the National Lottery Commission, the Commission inherited a pension liability for the former Director General of the Office of the National Lottery (OFLOT). This pension is an unfunded defined benefit scheme which has benefits by analogy to the PCSPS and is paid directly from the Commission's own funds.
In 2001, upon the recipient reaching retirement age, pension payments commenced. This was calculated using actuarially assessed assumptions at 31 March 2023.

d) Operating leases

Under IFRS 16, the Commission has categorised all leases as finance leases, with the exception of those leases which are exempt either by having less than 12 months to run from 31st March 2023 or are considered low value (less than **£5,000**).

Rentals due under operating leases are charged over the lease term on a straight-line basis, or on the basis of actual rental payable where this fairly reflects usage.

e) Finance leases

The definition of a lease has been updated under IFRS 16, and there is more emphasis on being able to control of the use of asset identified in a contract. There are new requirements for variable lease payments such as RPI/CPI uplifts, and there is an accounting policy choice allowable to separate non-lease components.

At inception of a contract, the Commission assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time. This includes assets for which there is no consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Commission assesses whether:

- the contract involves the use of an identified asset
- the Commission has the right to obtain substantially all of the economic benefit from the use of the asset throughout the period of use
- the Commission has the right to direct the use of the asset.

The policy is applied to contracts entered into, or changed, on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Commission allocates the consideration in the contract to each lease component on the basis of the relative standalone prices.

The Commission assesses whether it is reasonably certain to exercise break options or extension options at the lease commencement date. The Commission reassesses this if there are significant events or changes in circumstances that were anticipated.

As a lessee

Finance leases

The Commission recognises a finance lease and lease liability at the commencement date. The finance lease is initially measured at cost, which comprises the initial amount of the lease liability adjusted for initial direct costs, prepayments or incentives, and costs related to restoration at the end of a lease.

The finance leases are subsequently measured at either fair value or current value in existing use in line with property, plant and equipment assets. The cost measurement model in IFRS 16 is used as an appropriate proxy for current value in existing use or fair value for the majority of leases (consistent with the principles for subsequent measurement of property, plant and equipment) except for those which meet one of the following:

- a longer-term lease that has no provisions to update lease payments for market conditions or if there is a significant period of time between those updates
- the fair value or current value in existing use of the underlying asset is likely to fluctuate significantly due to changes in market prices.

The finance lease is depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the finance lease or the end of the lease term. The estimated useful lives of the Finance Leases are determined on the same basis of those of property plant and equipment assets.

The Commission applies IAS 36 Impairment of Assets to determine whether the finance lease is impaired and to account for any impairment loss identified.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that cannot be readily determined, the rate provided by HM Treasury.

The lease payment is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in the index or rate, if there is a change in the Commission's estimates of the amount expected to be payable under a residual value guarantee, or if the Commission changes its assessment of whether it will exercise a purchase, extension or termination option.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or a rate, initially measured using the index rate as at the commencement date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the Commission is reasonably certain to exercise, lease payments in an optional renewal period if the Commission is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Commission is reasonably certain not to terminate early.

When the lease liability is remeasured a corresponding adjustment is made to the finance lease or recorded in the SoCNE if the carrying amount of finance lease is zero.

The Commission presents finance leases that do not meet the definition of investment properties per IAS40 as finance leases on the Statement of Financial Position. The lease liabilities are included within lease liabilities within current and non-current liabilities on the Statement of Financial Position.

f) Employee costs

Under IAS 19 Employee Benefits legislation, all employee business or employment related costs must be recorded as an expense as soon as the organisation is obliged to pay them. This includes the cost of any untaken leave as at the year end.

Permanent and short term employee costs are presented in accordance with IAS 19. Permanent and short term employees are identified as follows:

- permanent employees are those with a permanent (UK) employment contract with the Commission
- short term employees are other employees engaged on the objectives of the entity (for example, short term contract employees, agency/temporary employees, locally engaged employees overseas and inward secondments where the entity is paying the whole or the majority of their costs).

g) Value Added Tax

The Commission is not registered for VAT and therefore all costs are shown inclusive of VAT where VAT has been incurred.

Notes to the accounts for the 12 months ended 31st March 2023

h) Licence fee receipts & fee income recognition

Income is recognised in line with IFRS 15 principles. In practice there has been no change in recognition from the policy followed under IAS 18.

The Commission collects fee income in relation to the Gambling Act 2005. The Commission recognises income in the following way:

- **Operator licence application fees**
  - Income is recognised in full when the operator licence is issued.
- **Operator licence annual fees:**
  - Income is recognised equally over the duration of the licence.
- **Personal licence fees:**
  - **60%** of the application income received is recognised when the licence is issued (to reflect the application costs)
  - The remaining **40%** is recognised equally over the duration of the licence (i.e. 5 years).
  - **35%** of the maintenance renewal income received is recognised when the licence is issued (to reflect the renewal costs).
  - The remaining **65%** is recognised equally over the duration of the licence (i.e. 5 years).

i) Financing grant-in-aid

The Commission receives Grant In Aid funding for National Lottery operations. In accordance with the FReM, Grant In Aid is treated as a financing transaction rather than as revenue as it is a contribution from a controlling entity.

The Commission holds reserves as a matter of prudent financial management, principally so that it can: fund legal action in furtherance of its regulatory objectives; manage short-term fluctuations in its licensing income and provide for foreseeable but not yet certain liabilities such as other provisions. This also allows the Commission to manage it's in year financial position accurately. Following an update to our Reserves Policy within 2022-23, the Commission calculates that reserves of **£7 million** meet this requirement.

Reserves were maintained at this level at the close of 2020-21 as a result of a Grant In Aid advance from our sponsor department. Our reserves levels have increased during the year, largely as a result of delayed planned investments due to the publication of the Gambling Act Review White Paper being later than planned, additionally significant underspends on staffing costs. As an arms-length body the Commission does not hold reserves to cover terminal liabilities as these would be met by DMCS.

j) Functional and presentational currency

The Commission's functional and presentational currency is sterling. The very small number of transactions denominated in a foreign currency have been translated into sterling at the exchange rate ruling on the date of the transaction. Any exchange rate gains or losses are recognised in the appropriate period.

k) Corporation Tax

The Commission is registered with HMRC to pay Corporation Tax on interest received on cash balances held in the bank.

l) Segmental reporting

The Commission operates in three distinct material segments:

- to regulate commercial gambling
- to regulate the current National Lottery
- and to commission the fourth National Lottery.

All three segments fall within one main geographical segment, UK. The Commission has distinct sources of income for the three segments; licence fees for gambling regulation, GIA for National Lottery regulation, and National Lottery Commissioning. Each segment is accounted for separately within the procurement and finance systems with the exception of cross charges.

Staff and non- staff cross charges are calculated as part of the budget (Business priorities) process, costs are approved by the Executive Team and recognised monthly in the Financial Accounts. The segmental reporting format in Note 4 – Prior period adjustments and reclassifications, reflects the Commission's management and internal reporting structure.

m) Cash and cash equivalents

The Commission's cash deposits are held with a single commercial bank, and with the Government Banking Service.

n) Treatment of penalty packages

Section 121 of the Gambling Act 2005 provides that the Commission may require the holder of an operating licence to pay a penalty if the Commission determines that a condition of the licence has been breached. The Commission may impose a financial penalty following a review under section 116(1) or (2) of the Act. The Commission also has the power to impose a financial penalty without carrying out a licence review. Once a financial penalty has been imposed the Commission pays received monies into a Consolidated Fund, once it has deducted its costs and a reasonable share of its expenditure, as set out at section 121(5)(c).

Where the Commission has issued a penalty in respect of a regulatory failing or breach, in the majority of cases the penalty is paid directly to a benefactor (where a benefactor has been identified) or to a nominated responsible gambling charity. The Commission only recovers any direct costs as a result of undertaking the investigation or the imposition and enforcement of the penalty. The amounts retained by the Commission are shown within the accounts as other income.

In the event that a fine is issued for a regulatory breach, the Commission will collect the fine and pay it to the Consolidated Fund having deducted the costs of its investigation under the principle above.

Cost recovery or amounts due to be passed over to the Consolidated Fund at the yearend are shown within Note 5(d), Consolidated Fund Income.

The Commission's approach to the impairment of financial assets, to provide for expected credit losses on trade receivables relating to the Consolidated Fund as described by IFRS 9. This requires the use of lifetime expected credit loss provisions for all trade. These provisions are based on an assessment of risk of default and expected timing of collection, and an allowance for loss is made for potentially impaired receivables during the year in which they are identified based on a periodic review of all outstanding amounts. Allowance losses are recorded within Consolidated Fund receivables in note 11 – Trade and other receivables, when there is objective evidence that an asset is impaired.

o) Impairment of intangibles, property plant and equipment

Each year the Commission reviews the carrying amount of its intangible assets, property, plant and equipment to determine whether there is any indication that its assets have suffered any impairment in value. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. The assets' residual values and useful lives are reviewed and adjusted if appropriate. The recoverable amount is the higher of the fair value less costs to sell and the value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment is immediately recognised as an expense.

p) Treatment of Economic Crime Levy (ECL)

From the 1 April 2023, the Commission will collect the ECL from licensed casino operators. The ECL is an annual charge on entities that are supervised under the Money Laundering Regulations (MLR) and whose UK revenue exceeds **£10.2 million** per year.

The ECL is being collected by three public bodies. These are:

- Financial Conduct Authority
- HMRC
- Gambling Commission (the Commission).

The amount payable will be determined by reference to their size based on their UK revenue from accounting periods ending in that year. Amounts will be payable by 30 September following the end of each financial year.

Although the cash payment will be in the following accounting year, the underlying economic activity will be in the present year. The Commission prepares its accounts on an accruals basis, per the IASB's 'Conceptual Framework for Financial Reporting' and the FReM 2022-23 (section 4.1.3), the

Notes to the accounts for the 12 months ended 31st March 2023

Commission must account for both the receipt and the subsequent payment to HM Treasury in this year's financial accounts.

The Commission only recovers any direct costs as a result of undertaking the Levy collection. The amounts retained by the Commission are shown within the accounts as Other Income.

The Commission will collect the Levy amount on behalf of HM Treasury and transfer Levy amounts received after deducting the costs of its collection under the principle above.

Cost recovery or amounts due to be passed over to the Consolidated Fund at the year-end are shown within Note 5(d), Economic Crime Levy Income.

q) Going concern

The financial statements have been prepared on a going concern basis. As a statutory body created under the **Gambling Act 2005** we anticipate continuing to provide a statutory service in the future. The Gambling Act Review White Paper was published on 27 April 2023, and the Commission has a key role to play in supporting the delivery of proposals. The Gambling Act Review doesn't propose any legal changes to the Commission body itself; the proposal is that it continues in its current form delivering existing and new functions under the White Paper if it becomes legislation. We have also confirmed GIA financing for 2023-24 to continue our work on regulation of the National Lottery and Fourth National Lottery Competition (HM Treasury approval is required under legislation). As such the accounts have been prepared on a going concern basis.

r) Accounting standards that have been issued but not yet adopted

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted as long as IFRS 9 is also applied.

Insurance contracts (IFRS 17) combine features of both a financial instrument and a service contract. In addition, many insurance contracts generate cash flows with substantial variability over a long period. It is not expected to have a significant effect upon the Commission's accounts as there are currently no insurance contracts in place.

2: Prior period adjustments

Provisions for liabilities and charges

A prior year restatement was required in the current year due to the material omission of a dilapidation valuation. The Commission decided in 2022-23 that they will be exiting the building when the lease expires in February 2026.

As per the lease agreement, the Commission have a constructive obligation to return the building to its state prior to occupation. On 9 February 2023, an independent Dilapidations Liability Assessment was carried out by a RICS Regulated Consultancy Firm. We have measured the liability in accordance with IAS 37.

The Commission have opted to restate and discount from the prior year as opposed to the date of the lease hold improvement works as no valuation report was available until the current financial year.

Prior year restatements are detailed below:

Description	Adjusted amount £'000s
Statement of comprehensive net expenditure for the year ending 31 March 2022	
Expenditure	
Finance Expense	(19)
Statement of financial position for the year ending 31 March 2022	
Current liabilities	
Provisions for liabilities and charges	19

Description	As previously £'000s	Restatement £'000s	Restated amount £'000s
Statement of financial position as at 1 April 2021			
Current liabilities			
Provisions for liabilities and charges	315	1,206	1,521
Taxpayers' equity			
Income and Expenditure Reserve	4,191	(1,206)	2,985

Notes to the accounts for the 12 months ended 31st March 2023

3: Statement of operating costs by operating segment

3a) Statement of comprehensive net expenditure by operating segment as at March 2023

Description	31 March 2023 Gambling operations £'000s	31 March 2023 National Lottery operations £'000s	31 March 2023 National Lottery Competition £'000s	31 March 2023 Total £'000s	31 March 2022 Gambling operations £'000s	31 March 2022 National Lottery operations £'000s	31 March 2022 National Lottery Competition £'000s	31 March 2022 Total £'000s
Total income	26,090	–	–	26,090	20,176	–	–	20,176
Expenditure								
Staff Costs	(13,966)	(1,874)	(3,181)	(19,021)	(13,804)	(2,136)	(3,227)	(19,167)
Other expenditure	(4,589)	(547)	(15,851)	(20,987)	(3,670)	(448)	(20,220)	(24,338)
Provision expense	–	–	–	–	(120)	–	–	(120)
Interest on pensions liability	–	(3)	–	(3)	–	(3)	–	(3)
Depreciation and amortisation	(34)	(4)	–	(38)	(519)	(19)	–	(538)
Final lease depreciation	(737)	–	(119)	(856)	(738)	–	(204)	(942)
Total Expenditure	(19,326)	(2,428)	(19,151)	(40,905)	(18,851)	(2,606)	(23,651)	(45,108)
Net Operating Expenditure	6,764	(2,428)	(19,151)	(14,815)	1,325	(2,606)	(23,651)	(24,932)
Interest and finance costs	287	–	53	340	(89)*	–	(6)	(95)*
Net Operating Expenditure after interest and finance costs	7,051	(2,428)	(19,098)	(14,475)	1,236*	(2,606)	(23,657)	(25,027)*
Other Comprehensive Expenditure								
Acturial loss on pension scheme liability	–	23	–	23	–	(11)	–	(11)
Comprehensive expenditure for the year	7,051	(2,405)	(19,098)	(14,452)	1,236*	(2,617)	(23,657)	(25,038)*

* 2021-22 numbers restated; further information is included in Note 2 of the accounts.

3b) Statement of financial position by operating segment as at March 2023

Description	31 March 2023 Gambling operations £'000s	31 March 2023 National Lottery operations £'000s	31 March 2023 National Lottery Competition £'000s	31 March 2023 Total £'000s	31 March 2022 Gambling operations £'000s	31 March 2022 National Lottery operations £'000s	31 March 2022 National Lottery Competition £'000s	31 March 2022 Total £'000s
Non-current assets	3,399	–	–	3,399	3,855	3	118	3,976
Current assets	42,345	434	–	42,779	49,174	1	–	49,175
Total assets	45,744	434	–	46,178	53,029	4	118	53,151
Current liabilities	30,587	38	73	30,698	44,638*	204	203	45,045*
Non-current liabilities	2,301	159	–	2,460	2,994	197	–	3,191
Total liabilities	32,888	197	73	33,158	47,632*	401	203	48,236*
Assets less liabilities	12,856	237	(73)	13,020	5,397*	(397)	(85)	4,915*

* 2021-22 numbers restated; further information is included in Note 2 of the accounts.

4: Expenditure

4a) Staff costs

Description	2023 £'000s	2022 £'000s
Wages and Salaries	13,743	14,034
Social Security Costs	1,599	1,496
Other Pension Costs	3,679	3,637
Total	19,021	19,167

2022-23 includes redundancy and other departure costs totalling **£0.146 million** compared to **£0.333 million** paid in 2021-22.

Further analysis of staff costs is located in the Remuneration and Staff Report.

4b) Other expenditure

Description	2023 £'000s	2022 £'000s
Accommodation	833	880
Professional fees[1]	8,470	13,882
Consultancy Costs[2]	189	3,078
External Legal Fees[3]	7,332	2,188
Travelling and subsistence	143	50
Agency Staff	102	1,211
Other staff costs	136	141
Recruitment, training and development	303	347
Office services	1,631	1,519
External audit fee[4]	106	63
Internal audit costs	128	152
Research costs[5]	1,407	668
Other costs	207	159
Other expenditure	20,987	24,338
Finance costs[6]	10	84
Finance expense[7]	20	19*
Corporation Tax[8]	87	2
Total other expenditure	21,104	24,443

* 2021-22 numbers restated; further information is included in Note 2 of the accounts.

1 Professional fees totalling **£8.47m** (2021-22 **£13.88m**). **£8.20m** relates to increased costs for the National Lottery Competition for ongoing project costs, of which **£4.33m** relates to Transition Costs, **£3.85m** relates to Other Professional Fees.

2 Consultancy costs totalling **£0.19m** (2021-22 **£3.08m**), **£0.12m** relates to increased costs for the National Lottery Competition. Decrease during the year due to a contract with Rothchild concluding in 2022.

3 Legal costs totalling **£7.33m** (2021/22 **£2.19m**), **£6.77m** relates to costs for the National Lottery Competition for ongoing litigation costs. **£6.3m** was spent with Hogan Lovells International LLP and **£1.1m** with Capital Law LLP.

4 The external audit fee represents the cost of the audit of the accounts carried out by NAO. No non-audit work was undertaken by the NAO during the year. The external audit fee for 2022/23 is **£106,000** (2021/22 **£63,000**). This includes an accrual of £**89,000** for 2022-23 and **£17,000** relating to additional costs for 2021-22.

5 Research costs includes costs associated with prevalence studies into gambling and **£826k** with NatCen for Gambling Survey – Experimental statistics phase. This totalled **£1,407,509** in 2022/23 (2020/21 **£668,468**). This also includes National Lottery research costs totalling **£113,822** in 2022/23 (2021/22 **£101,784**).

6 Finance costs of **£10k** (2021-22 **£84k**) relate to Interest on lease liabilities. This includes a credit of **£56k** due to the Bloomsbury lease ended in November 2022, leaving a residual balance of **£56,723** which has been released through the SoCNE in Finance Costs, comparatively reducing this compared to FY21/21.

7 Finance expense of **£20k** (2021-22 **£19k**) relating to the unwinding of discounts of provisions (see note 13).

8 Corporation tax expense of **£87k** (2021-22 **£2k**) relating to tax on interest receivable (see note 5b). Interest received on fee income has significantly increased during 2022-23 due to the increases in Bank of England rates during the year.

Notes to the accounts for the 12 months ended 31st March 2023

Included within other expenditure are payments made by the Commission during the year under operating leases under IAS17.

The following table shows annual lease expenditure under the exemption thresholds within IFRS16.

Description	2023 £'000s	2022 £'000s
Land and buildings	–	–
Other	–	3
Total	–	3

4c) Non-cash items

The following figures are from the SoCNE and Statement of Changes in Taxpayers Equity.

Description	2023 £'000s	2022 £'000s Restated
Depreciation of property, plant and equipment	**(101)**	308
Amortisation of intangibles	**139**	230
Depreciation of finance lease	**856**	942
Non-cash operating expenditure	**894**	1,480
Interest cost on pension scheme liability	**3**	3
Non-cash expenditure	**3**	3
Redundancy and other departure costs provisions	**–**	133
Legal provisions	**–**	234
Victoria Square House premises dilapidations	**–**	–
Provisions provided for in year	**–**	367
Total Non-cash transactions	**897**	1,850

5: Fee cash receipts

5a) Gambling Act 2005 fee cash receipts

This note is to show the fee cashflow during the year, prior to recognition under IFRS 15:

Description	2023 £'000s	2022 £'000s
Operator licence applications		
Application fees	**1,754**	1,593
Annual fees	**24,082**	21,305
Personal licence applications	**761**	580
Total fee income received	**26,597**	23,478
Interest on fee income	**457**	10
Total	**27,054**	23,488

The changes include a **55%** increase in the fee bands for annual operating licences for online operators, which took effect on 1 October 2021. Fee bands for land-based operators increased by **15%**, on 6 April 2022.

In addition to the rises to fee bands for annual operating licences, all application fees increased by **60%** and discounts for being licensed for multiple activities were removed. Government increases licence fees for gambling operators – GOV.UK.

5b) Gambling Act 2005 income recognised

Fees payable under the Act are identified by income stream and released to the Commission's SoCNE in accordance with the Commission's Financial and Accounting Policy.

Recognised fee income is included within the SoCNE as 'Licence Fee income'.

Gambling Act 2005 fee income recognised in the year is as follows:

Description	2023 £'000s	2022 £'000s
Operator licence applications		
Application fees	**2,051**	1,212
Annual fees	**22,894**	18,017
Personal licence applications	**758**	665
Total fee income	**25,703**	19,894
Interest received [1]	**457**	10
Total	**26,160**	19,904

1 Interest received on fee income has significantly increased during 2022-23 due to the increases in Bank of England rates during the year.

5c: Other income

Other income collected during the year relates to the Commission's allowed cost recovery on collecting penalties issued for breach of licence conditions, withdrawn applications and contributions to costs arising from enforcement action.

Description	2023 £'000s	2022 £'000s
Other income	**387**	282
Total other income	**387**	282

Notes to the accounts for the 12 months ended 31st March 2023

5d: Consolidated Fund Income

The Commission held the following assets within the Consolidated Fund at 31 March 2023.

Description	2023 £'000s	2022 £'000s
Fines and penalties issued during the year	**20,921**	22,222
Economic Crime Levy recognised during the year	**1,594**	–
Less:		
Recovery of costs	**(253)**	(242)
Allowance for bad debts*	**(2,135)**	–
Amount payable to the Consolidated Fund	**20,127**	21,980
Balance held at the start of the year	**22,324**	11,270
Payments into the Consolidated Fund	**(31,393)**	(10,926)
Balance held on trust at the end of the year	**11,058**	22,324

Fines and penalties income

As per the FReM 11.3.9, Fines and penalties are recognised at the time that the fine or penalty is imposed and becomes receivable by the entity and should be disclosed as the total amount repayable to the Consolidated Fund at the point the enforcement notice is raised and then derecognised if the penalty is appealed successfully.

As set out in Note 1(n), Statement of accounting policies, Treatment of penalty packages, income payable to the Consolidated Fund does not form part of the SoCNE. The amounts received during the year for Fines and Penalties were **£31.393 million** (2021-22 **£12.171 million**) and the amounts payable for Fines and Penalties were **£31.393 million** (2021-22 **£10.926 million**). The balance held on trust at the end of the year totalled **£13.267m** (**£11.673m** for fines and penalties and **£1.594m** for Economic Crime Levy) which includes all Fines and Penalties Payments unpaid at that date, less **£0.074 million** for Commission investigation costs to be recovered and an allowance for bad debt of **£2.135m**, leaving a balance of **£11.058 million**. There were no payables in relation to fines recovered due to be surrendered to the consolidated fund (2021-22 **£1.245 million**) as at 31 March 2023.

* Allowances for bad debts

Due to the impacts on trading during the COVID-19 pandemic, the Commission provided extended payment terms for some fines to be paid by operators. All fees must be paid on or before the date prescribed to prevent being in breach of the payment agreement. Failure to pay will result in interest charges. Interest accrues and shall be payable by Operators on any part of the Financial Penalty that is not paid at the rate of **2.5%** above Bank of England base rate until the date of payment. Historically, payment plans have not been required and fines and penalties were considered to be non complex financial assets which were low risk of not being paid.

As per IFRS 9 Financial Instruments, the Commission's Impairment Policy, is to provide for expected credit losses on trade receivables relating to the Consolidated Fund. This requires the use of lifetime expected credit loss provisions for all financial penalties issued. These provisions are based on an assessment of risk of default and expected timing of collection, and an allowance for loss is made for potentially impaired receivables during the year in which they are identified based on a periodic review of all outstanding amounts.

Significant areas of judgement

There is uncertainty in the estimate of the amount to be realised by the Commission from outstanding Consolidated Fund Receivables. This estimate is based on historic recovery data and data gathered from similar companies. In line with IFRS 9, Consolidated Fund debts have been grouped into similar types, in this case preferential or non-preferential claims against the insolvency. Analysis of historic trends of recovery of these types of debts has revealed that the best estimate of recovery is **0%** for non-preferential, and **35%** for preferential.

Expected credit losses are recorded within Consolidated Fund receivables in note 11 – Trade and other receivables. Before there is objective evidence that an asset is impaired, it is an estimate of future loss including where impairment events have yet to happen.

During 2022-23 a review of Consolidated Fund aged receivables determined two doubtful debts which are being pursued via the courts, an Impairment allowance has been recognised in year.

Economic Crime levy Income

As per the FReM 11.3.9, Other Income is recognised at the time it is imposed and becomes receivable by the entity and should be disclosed as the total amount repayable to the Consolidated Fund at the point the enforcement notice is raised and then derecognised if the Levy is appealed successfully.

From the 1 April 2023, the Commission will collect the ECL from licensed Casino Operators. The ECL is an annual charge on entities that are supervised under the Money Laundering Regulations (MLR) and whose United Kingdom (UK) revenue exceeds **£10.2 million** per year.

The ECL is being collected by three public bodies. These are:

- Financial Conduct Authority
- HMRC
- The Commission.

The amount payable will be determined by reference to their size based on their UK revenue from accounting periods ending in that year. Amounts will be payable by 30 September following the end of each financial year.

The Commission received an initial estimation from licensed Casino Operators as at 31 March 2023, of predicted volumes of levy collection to be received by 30 September 2023.

As set out in Note 1(p), Statement of accounting policies, Treatment of the levy income payable to the Consolidated Fund does not form part of the SoCNE.

The Commission prepares its accounts on an accruals basis, per the IASB's 'Conceptual Framework for Financial Reporting' and the Financial Reporting Manual 2022-23 (section 4.1.3), The Commission must account for both the receipt and the subsequent payment to HM Treasury in this year's financial accounts.

The amounts receivable for the ECL at 31 March 2023 were **£1.594 million** (2021-22 **£nil**) and the amounts payable for Fines and Penalties were **£1.594 million** (2021-22 **£nil**). The balance held on trust at the year-end date includes all Levy payments unpaid at that date. There were no payables in relation to levy payments recovered that are due to be surrendered to the Consolidated Fund (2021-22 **£nil**) as at 31 March 2023.

Notes to the accounts for the 12 months ended 31st March 2023

6: Property, plant & equipment

Description	Information Technology £'000s	Furniture & fittings £'000s	Plant & machinery £'000s	Assets under the course of construction £'000s	Total £'000s
Cost/valuation					
At 1 April 2022	**2,874**	**2,293**	**185**	**215**	**5,567**
Additions	**196**	**–**	**–**	**111**	**307**
Disposals	**–**	**(44)**	**–**	**–**	**(44)**
Assets brought into use	**210**	**5**	**–**	**(215)**	**–**
At 31 March 2023	**3,280**	**2,254**	**185**	**111**	**5,830**
Accumulated depreciation					
At 1 April 2022	**2,473**	**2,260**	**185**	**–**	**4,918**
Charged in year	**271**	**21**	**–**	**–**	**292**
Disposals	**–**	**(44)**	**–**	**–**	**(44)**
Adjustment	**(2)**	**(390)***	**(1)**	**–**	**(393)**
At 31 March 2023	**2,742**	**1,847**	**184**	**–**	**4,773**
Carrying value at 31 March 2023	**538**	**407**	**1**	**111**	**1,057**
Carrying value at 31 March 2022	401	33	–	215	649

* During 2022-23 a review of all assets and their remaining useful life resulted in a one-off depreciation adjustment to align assets to the depreciation policy.

Description	Information Technology £'000s	Furniture & fittings £'000s	Plant & machinery £'000s	Assets under the course of construction £'000s	Total £'000s
Cost/valuation					
At 1 April 2021	2,829	2,289	185	–	5,303
Additions	45	4	–	–	49
Assets brought into use	–	–	–	215	215
At 31 March 2022	2,874	2,293	185	215	5,567
Accumulated depreciation					
At 1 April 2021	2,181	2,245	184	–	4,610
Charged in year	292	15	1	–	308
At 31 March 2022	2,473	2,260	185	–	4,918
Carrying value at 31 March 2022	401	33	–	215	649
Carrying value at 31 March 2021	648	44	1	–	693

7: Finance leases

In accordance with IFRS 16, the Commission has categorised all leases as finance leases, except for those leases which are exempt either by having less than 12 months to run from 31 March 2023 or are considered low value (less than **£5,000**).

The finance lease is recognised as an asset and a corresponding lease liability at the net present value (NPV) of future lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability.

Description	Victoria Square House Land and Buildings £'000s	Bloomsbury Street Land and Buildings £'000s	Plant & Equipment £'000s	Total £'000s
Cost/valuation				
At 1 April 2022*	**5,094**	**611**	**6**	**5,711**
Finance lease additions	**–**	**–**	**10**	**10**
As at 31 March 2023	**5,094**	**611**	**16**	**5,721**
Accumulated depreciation				
At 1 April 2022	**2,209**	**493**	**5**	**2,707**
Charge in year	**737**	**118**	**1**	**856**
As at 31 March 2023	**2,946**	**611**	**6**	**3,563**
Carrying value as at 31 March 2023	**2,148**	**–**	**10**	**2,158**
Carrying value as at 31 March 2022	2,885	118	1	3,004

Description	Victoria Square House Land and Buildings £'000s	Bloomsbury Street Land and Buildings £'000s	Plant & Equipment £'000s	Total £'000s
Cost/valuation				
At 1 April 2021*	5,094	611	6	5,711
Balance as at 31 March 2022	5,094	611	6	5,711
Accumulated depreciation				
At 1 April 2021	1,472	289	4	1,765
Charge in year	737	204	1	942
As at 31 March 2022	2,209	493	5	2,707
Carrying value as at 31 March 2022	2,885	118	1	3,004
Carrying value as at 31 March 2021	3,622	322	1	3,945

* Finance lease value for Victoria Square House as at 1 April 2020 includes an adjustment of **£358k** relating to a brought forward deferred rent release provision. The Commission received a rent-free period during 2015/2016, during this time rental charges were accrued and the cost benefit is being released over the life of the lease.

Victoria Square House:

Following a successful application to the Government Property Agency, the Commission signed a lease for its existing premises in central Birmingham. The lease was signed in May 2015. The lease is for a period of 10 years (with a 5 year break clause) and commenced with effect from February 2016 when the previous lease expired. As at 31 March 2023, the lease at Victoria Square House will continue for an additional 3 years to February 2026.

Bloomsbury Street:

As part of the National Lottery Competition, the Commission entered into a Intra-UK government agreement for premises in Bloomsbury Street London. The lease is for a period of 3 years and commenced with effect from 8 November 2019. The lease ended in November 2022.

Plant & Equipment:

The Commission have entered into a new lease for two photocopiers for the office. The lease is for a period of 3 years and commenced with effect from 24 February 2023. The lease will continue to 23 February 2026.

Notes to the accounts for the 12 months ended 31st March 2023

8: Intangible assets

Description	IT Software £'000s	IT Software licences £'000s	Websites delivering services £'000s	Assets under the course of construction £'000s	Total £'000s
Cost/valuation					
At 1 April 2022	**6,534**	**432**	**298**	**–**	**7,264**
At 31 March 2023	**6,534**	**432**	**298**	**–**	**7,264**
Accumulated amortisation					
At 1 April 2022	**6,228**	**430**	**283**	**–**	**6,941**
Provided in year	**128**	**2**	**9**	**–**	**139**
At 31 March 2023	**6,356**	**432**	**292**	**–**	**7,080**
Carrying value at 31 March 2023	**178**	**–**	**6**	**–**	**184**
Carrying value at 31 March 2022	306	2	15	–	323

Description	IT Software £'000s	IT Software licences £'000s	Websites delivering services £'000s	Assets under the course of construction £'000s	Total £'000s
Cost/valuation					
At 1 April 2021	6,534	432	298	–	7,264
At 31 March 2022	6,534	432	298	–	7,264
Accumulated amortisation					
At 1 April 2021	6,019	427	265	–	6,711
Provided in year	209	3	18	–	230
At 31 March 2022	6,228	430	283	–	6,941
Carrying value at 31 March 2022	306	2	15	–	323
Carrying value at 31 March 2021	515	5	33	–	553

9: Financial instruments

IFRS 7 and IFRS 9 (Financial Instruments: Disclosures) establishes principles for the presentation, recognition and measurement, and disclosure of financial instruments as liabilities or equity.

In accordance with IFRS 7 and IFRS 9, the carrying values of short-term assets and liabilities (at amortised cost) are not considered different to fair value.

The Commission is not exposed to the degree of financial risk faced by commercial, because of the way that it is funded.

Financial instruments also play a more limited role in creating or changing risk than would be typical of financial entities, to which these standards mainly apply.

The Commission has obtained consent from its sponsoring department to place surplus funds on bank deposit. It would also require consent from DCMS prior to acquiring financial instruments or borrowings.

Currency risk

The Commission is a domestic organisation with the great majority of transactions, and all assets and liabilities being in the UK and denominated in sterling. The Commission has no overseas operations. The Commission therefore is not exposed to currency rate fluctuations.

Interest rate risk

Other than finance leases, the Commission has no borrowings and therefore is not exposed to interest rate risk.

Credit risk

The Commission does not provide credit arrangements for the payment of licence fees by the industry. All fees must be paid on or before the date prescribed to prevent a breach of the licence and the licence being revoked. As the Commission relies on fees receivable from the gambling industry (payable immediately) and departmental GIA for specific projects the Commission has very low exposure to credit risk.

Due to the impacts on trading during the COVID-19 pandemic, the Commission provided credit arrangements for some fines to be paid by operators. All fees must be paid on or before the date prescribed to prevent being in breach of the payment agreement, failure to pay will result in interest charges. Interest shall accrue and shall be payable by Operators on any part of the Financial Penalty that is not paid at the rate of **2.5%** above Bank of England base rate until the date of payment. Historically, payment plans have not been required and fines and penalties were considered to be non-complex financial assets which were low risk of not being paid.

In accordance with IFRS9 Financial Instruments, an impairment review is carried out regularly assess these assumptions.

Where fines and penalties are uncollectible or, for policy reasons, (other than the imposition of an alternative penalty), the Commission decides that it is inappropriate to pursue collection, the amounts not collected are recorded as an expense. The amounts not collectible are estimated from the most appropriate data available to the Commission.

Liquidity risk

Other than finance leases, the Commission has no borrowings and relies on fees receivable from the gambling industry and departmental GIA for its cash requirements, the Commission is exposed to minimal liquidity risk.

The Commission adopted IFRS 16 Leases during the 2019-20 financial year.

Financial assets & financial liabilities

Financial assets

Description	Type of financial asset £'000s	**2022-23 £'000s**	2021-22 £'000s
Cash and cash equivalents	Amortised cost	**30,051**	27,325
Trade and other receivables	Amortised cost	**11,388**	21,231
Deposits	Amortised cost	**–**	–
Loans	Amortised cost	**6**	2
Contract assets	Amortised cost	**–**	–
Subtotal – amortised cost	–	**41,445**	48,558
Equity investments – held through OCI inc. Investment Funds and Shares and Equity type Investments	FVOCI	**–**	–
Investment in subsidiaries	FVOCI	**–**	–
Subtotal – FVOCI		**–**	–
Derivative financial instrument assets	FVTPL	**–**	–
FI non-derivatives through PL	FVTPL	**–**	–
Subtotal – FVTPL	–	**–**	–
Total financial assets	–	**41,445**	48,558

Notes to the accounts for the 12 months ended 31st March 2023

Financial assets & financial liabilities continues

Financial liabilities

Description	Type of financial asset £'000s	2022-23 £'000s	2021-22 £'000s
Trade and other payables including Consolidated Fund	Amortised cost	**(11,724)**	(24,323)
Lease liability	Amortised cost	**(2,492)**	(3,329)
Contract liabilities	Amortised cost	**–**	–
Subtotal – amortised cost	–	**(14,216)**	(27,652)
Derivative financial instrument liabilities	FVTPL	**–**	–
Subtotal – FVTPL	–	**–**	–
Total financial liabilities	–	**(14,216)**	(27,652)
Total	–	**27,229**	20,906

Definitions under IFRS 9:

Financial assets measured at amortised cost.
Held in a business model whose objective is to hold assets to collect contractual cash flows only (for example, a simple debt instrument not classified at fair value).

Financial assets classified and measured at FVOCI (Financial asset at fair value through other comprehensive income).
Held in business model whose objective is achieved by collecting contracts and selling financial assets. This category is mandatory for some debt instruments (i.e. all except those measured at amortised cost (AC) or FVTPL) and irrevocably elected equity instruments (which can also be measured at FVOCI).

Financial assets measured at FVTPL (Financial asset at fair value through profit or loss).
For all other equity instruments, excluding those elected above, all derivatives and any instruments specifically designated to this category using the fair value option (available on initial recognition as an alternative to measuring at FVOCI to reduce an accounting mismatch).

10: Cash and cash equivalents

Description	2023 £'000s	2022 £'000s
Balance at 1 April	**27,325**	17,556
Net change in cash and cash equivalent balances	**2,726**	9,769
Balance at 31 March	**30,051**	27,325
The following balances at 31 March were held at:		
Government Banking Service	**20,059**	17,502
Commercial banks and cash in hand	**9,992**	9,823
Balance at 31 March	**30,051**	27,325

The majority of the Commission's cash and cash equivalent balances are held with the Government Banking Service apart from **£9,991,323** (2021-22 **£9,822,558**) which is held with commercial banks or as cash in hand.

11: Trade and other receivables

Description	2023 £'000s	2022 £'000s
Trade receivables[1]	**256**	152
Consolidated Fund receipts due	**11,132**	21,079
Deposits and advances	**6**	2
Accrued income[2]	**599**	–
Prepayments	**735**	617
Balance at 31 March	**12,728**	21,850

1 During 2022-23 a review of Consolidated Fund aged receivables determined two doubtful debts which are being pursued via the courts, an Impairment allowance has been recognised in year. Consolidated Fund receipts due total **£13.267m**, less **£2.135m** for expected credit losses. Allowance losses are recorded within note 5(d): Consolidated Fund Income, before there is objective evidence that an asset is impaired, it is an estimate of future loss including where impairment events have yet to happen.

2 Accrued income includes **£166,490** (2021-22 **£nil**) for interest received April 23 relating to March 23 and **£433,033** for other income to be received April 23 relating to 2022-23.

Notes to the accounts for the 12 months ended 31st March 2023

12: Trade and other payables

12a) Amounts falling due within one year

Description	2023 £'000s	2022 £'000s
Trade payables	**476**	1,026
Consolidated Fund payables[1]	**11,058**	22,324
Other taxation and social security	**832**	726
Staff Holiday Pay Accrual	**162**	224
Other payables[2]	**190**	973
Accruals[3]	**2,106**	4,237
Fees received in advance	**380**	–
Deferred Income[4]	**13,177**	12,990
Balance at 31 March	**28,381**	42,500

1 Consolidated fund payables, see note 5(d) for further details.

2 Other payables 2022-23 includes **£23,981** which is payable to Operators for refunds in Q1 23-24.2022-23 and **£152,918** for the Commission's Annual Fee Settlements. The Annual Fee Settlements arose following an internal investigation when it was identified the incorrect application of the regulation had been applied which affected 5 operators, who have paid a total additional sum of **£152,918**. Outcome of the investigation determined the payments received would be treated as regulatory settlements. Our Legal and Licensing teams are finalising the destination of the settlement money. This will be paid over to the nominated good cause during 2023-24.

2021-22 Other payables include **£960,743** which were paid to customers for Change of Corporate Control refunds in April 2022. Several operators submitted change of corporate control applications for which the Commission has overcharged fees. Strict interpretation of 'The Gambling (Operating Licence and Single-Machine Permit Fees) Regulations 2017' (as amended by the 2021 Regulations) indicated, in the Commission's view, that a fee per new controller should be charged in respect of change of control applications. The Commission reconsidered this interpretation in light of further advice and recognises that this strict interpretation was likely not intended by either the Gambling Act 2005 or the Fees Regulations and that the fee payable should be per change of control application rather than per new controller. This means that some operators overpaid fees which occurred since March 2021. The Commission identified all operators affected by our previous interpretation and refunded the overpaid fees in full in April 2022.

2022-23 Other payables also includes **£152,918** for Gambling Commission Annual Fee Settlements. The IRF relates to how the Commission should deal with operators who are in breach of their fee category. The incorrect application of the regulation has affected 5 operators, who have paid a total additional sum of **£152,918** after being informed to do so by Licensing. Outcome of the investigation determined the payments received would be treated a regulatory settlement. Our Legal and Licensing teams are finalising the destination of the settlement money. This will be paid over to the nominated good cause during 2023-24.

3 2021-22 Accruals includes **£3.9m** (**£1.9m** for legal fees, **£0.5m** for professional fees and **£0.9m** for secondments and subcontractors) for the Fourth National Lottery licence.

4 The Commission holds total deferred income balances of **£13,743,013** (**£13,523,894** in 2021-22) included in notes 12a and 12b.

These relate to:

Licence fees received, due to be released to income within one year of **£13,176,918 (£12,990,204)** in 2021-22).

Licence fees received, due to be released to income after one year of **£566,095** (see note 12b) (**£533,690** in 2021-22).

See note 5 for changes to fees during 2022-23.

12b: Amounts due after more than one year

Description	2023 £'000s	2022 £'000s
Deferred income	**566**	534
Balance at 31 March	**566**	534

In accordance with IFRS 15, the Commission's deferred income due after more than one year relates to Personal Licence fees paid that are due to be released to income in years 2023-24 onwards.

13: Provisions for liabilities and charges

Description	Redundancy and other departure costs £'000s	Victoria Square House premises dilapidations £'000s	Bloomsbury Street premises dilapidations £'000s	Legal provisions £'000s	2023 Total £'000s	Restated 2022 Total £'000s
Balance as at 1 April	**128**	**1,225***	**73**	**234**	**1,660***	1,521*
Provided in the year	**–**	**–**	**–**	**–**	**–**	367
Provisions not required written back	**–**	**–**	**–**	**–**	**–**	–
Provisions utilised in the year	**(128)**	**–**	**–**	**(10)**	**(138)**	(247)
Unwinding of discount**	**–**	**20**	**–**	**–**	**20**	19*
Balance at 31 March	**–**	**1,245**	**73**	**224**	**1,542**	1,660*
Not later than one year	**–**	**–**	**73**	**224**	**297**	435
Later than one year and not later than five years	**–**	**1,245**	**–**	**–**	**1,245**	1,225*
Later than five years	**–**	**–**	**–**	**–**	**–**	–
Balance at 31 March	**–**	**1,245**	**73**	**224**	**1,542**	1,660*

* 2021-22 numbers are restated; further information is included in Note 2 of the accounts.

** Provisions have been assessed under IAS37 and IAS19 as either having a legal or constructive obligation at the balance sheet date 31 March 2023 and a probable outflow of costs.

Redundancy and other departure costs

Redundancy and other departure costs are provided for in full when the early departure decision is approved by establishing a provision for the estimated payments. There were no departure costs provisions in 2022-23 (2021-22 **£128,251**, four exits). 2021-22 provisions were utilised during 2022-23.

Victoria Square House premises – dilapidations

The Victoria Square House lease expires in February 2026, at which point it is the Commission's intention to move premises. Dilapidations estimate of **£1,245,086**, based on the independent assessments carried out during 2023 on behalf of the Commission has been used as the basis. The provision has then been adjusted using PES 2022 inflation and short-term general provision discounting rates. The Commission has prudently included VAT in the estimate due to it not being possible to recover the cost if charged, which is currently uncertain.

Bloomsbury Street premises – dilapidations

The Bloomsbury Street lease expired on 8 November 2022. Dilapidations estimate of **£73,000**, based on the independent assessments of both the Commission and HBLB.

Legal provisions

As at 31 March 2023, there were legal cases which remained un-resolved, resulting in a provision of **£224,000** (2021-22 **£234,000**) which relates to a data breach incident.

** Provisions have been assessed under IAS37 and IAS19 as either having a legal or constructive obligation at the balance sheet date 31 March 2023 and a probable outflow of costs.

Notes to the accounts for the 12 months ended 31st March 2023

14: Retirement benefit obligations

This provision recognises the payments due in respect of a former Chairman of OFLOT.

As set out in accounting policy 1c, Statement of accounting policies, Pension costs, for further details refer to the Retirement benefits section of the staff report.

Description	2023 £'000s	2022 £'000s
At 1 April	213	215
Interest cost	3	3
Actuarial loss/(gain) in the period	(23)	11
Pensions paid in the year	(16)	(16)
At 31 March	**177**	213

The pension liability provision of **£177,102** is split between, liability not later than one year (**£17,798**), and liability greater than one year (**£159,304**).

15: Lease liabilities

Description	Victoria Square House Land and Buildings £'000s	Bloomsbury Street Land and Buildings £'000s	Plant & Equipment £'000s	2022-23 Total £'000s	2021-22 Total £'000s
Leases under IFRS 16					
Total future lease payments under leases are given in the table for each of the following periods:					
No later than one year	754	–	3	757	869
Later than one year and not later than five years	1,728	–	7	1,735	2,460
Later than five years	–	–	–	–	–
Balance as at 31 March	**2,482**	**–**	**10**	**2,492**	3,329
Lease Liabilities included in the balance sheet					
Current	754	–	3	757	869
Non-current	1,728	–	7	1,735	2,460
Balance as at 31 March	**2,482**	**–**	**10**	**2,492**	3,329
Movement in lease during the year					
At 1 April	3,199	130	–	3,329	4,237
Lease Liability in relation to new leases		–	10	10	–
Interest on lease liabilities – finance costs @ 1.99%[1]	62	(52)	–	10	84
Lease rental payments[2]	(779)	(78)	–	(857)	(992)
Balance as at 31 March	**2,482**	**–**	**10**	**2,492**	3,329

1 Interest on lease liabilities – Finance Cost - amounts recognised in SoCNE, a discount rate of **1.99%** per annum has been applied in the calculations of interest on lease liabilities.

2 Amount recognised in the Statement of cash flow – total cash outflow for leases.

Victoria Square House:

The Victoria Square House lease is for a period of 10 years (with a 5 year break clause) and commenced with effect from February 2016 when the previous lease expired. As at 31 March 2023, the lease at Victoria Square House will continue for an additional 3 years to February 2026.

Plant & Equipment:

The Commission has entered into a new lease for two photocopiers for the office. The lease is for a period of 3 years and commenced with effect from 24 February 2023. The lease will continue to 23 February 2026.

16: Capital commitments

At 31 March 2023 there were no capital commitments (**£0** in 2021-22).

17: Commitments under operating leases

In accordance with IFRS 16, the Commission has categorised all leases as finance leases, with the exception of those leases which are exempt either by having less than 12 months to run from 31 March 2023 or are considered low value (less than **£5,000**).

Rentals due under operating leases are charged over the lease term on a straight-line basis, or on the basis of actual rental payable where this fairly reflects usage.

At 31 March 2023 the Commission was committed to making the following payments in respect of operating leases:

Obligations under operating leases for the following periods:	at 31 March 2023 Land and buildings £'000s	at 31 March 2023 Other £'000s	at 31 March 2022 Land and buildings £'000s	at 31 March 2022 Other £'000s
Not later than one year	–	–	–	3
Later than one year and not later than 5 years	–	–	–	–
Later than five years	–	–	–	–
Total	–	–	–	3

18: Contingent Asset

The Commission is due to be reimbursed for costs incurred in defending the claim brought against it by Camelot. Some of these costs have already been received, but the majority are yet to be recovered. The Commission considers this to be a contingent asset in accordance with IAS 37.

The Court (by para 3 of the Court Order of Mrs Justice O'Farrell dated 14 Feb 2023) has ordered Camelot to pay the Commission these costs. However, such costs are payable on an indemnity basis, meaning there is an exercise to be done by Camelot in scrutinising all the alleged costs put forward by the Commission for recovery. The Commission has taken legal advice which estimates that the final amount receivable will be in the region of **£2.0m**, subject to negotiations and expected to be paid within the upcoming financial year.

Notes to the accounts for the 12 months ended 31st March 2023

19: Contingent liabilities disclosed under IAS 37

Gambling Regulation

There are two contingent liabilities relating to legal challenges of regulatory imposed activities both of which we assess at less than a **50%** chance of success which would lead to combined costs of **£93,000** being payable by the Commission as at 31 March 2023 (**£54,800** 2021-22).

The contingent liabilities figure has been calculated under the guidance of IAS 37 and IAS 19, based on events existing at the balance sheet date.

Fourth National Lottery competition:

The Commission considers the liability to be a contingent liability in accordance with IAS 37. Due to the ongoing legal action and complexity of the case, including the varied consequences of multiple possible scenarios and permutations, we are unable to provide reliable financial estimates.

Furthermore, there are a number of commercial sensitivities surrounding the legal challenges, and disclosure of further information could be prejudicial to the ongoing case. The liabilities will remain until the legal challenges are settled, because they relate to possible obligations in respect of enduring legal challenges as a result of the Commission's decision.

20: Related party transactions

The Commission is a Non-Departmental Public Body of DCMS, which is funded through the collection of licence fees from the industry and GIA for National Lottery operations. DCMS is regarded as a related party. During the year, the Commission has had a significant number of material transactions with the Department and with other entities for which the Department is regarded as the parent Department.

Description	Gambling Commission £'000s	National Lottery operation £'000s	National Lottery Competition £'000s	2022-23 Total £'000s	2021-22 Total £'000s
GIA for revenue expenditure	**740**	**2,405**	**19,098**	**22,243**	27,147
GIA advance for revenue expenditure repayment[2]	–	–	–	–	(794)
GIA repaid from 2020-21[1]	–	–	–	–	(240)
GIA (repaid)/payable relating to 2021-22[3]	–	(193)	(662)	(855)	855
GIA repayable 2022-23[4]	–	252	917	1,169	–
Total	**740**	**2,464**	**19,353**	**22,557**	26,968

In addition, the Commission has had a small number of transactions with other government departments and other central government bodies. These include payments the Commission has made to the Consolidated Fund for the repayment of fines and penalties issued to Operators for breach of licence conditions. See Note 15, Consolidated Fund Income, for further details.

During the year, no Board member, key manager or other related parties has undertaken any material transactions with the Commission during the year.

All Commissioners were paid by the Commission. See Remuneration Report for further details.

1 During 2020-21, due to the uncertainty of the Commissions income as a result of the COVID pandemic, DCMS provided additional GIA funding to enable the Commission to maintain its Reserves at the minimum level of **£3.5m**.

This funding was in substance GIA and has been treated in the same way as other GIA receipts from DCMS. In accordance with the FReM, GIA is treated as a financing transaction rather than as revenue as it is a contribution from a controlling entity. This GIA of **£794k** was offset from GIA receipts from DCMS received during 2021-22.

2 Of the GIA received, **£240k** relating to 2020-21 was repaid during 2021-22.

3 Of the GIA received, **£855k** relating to 2021-22 was repaid during 2022-23. GIA was to cover potential litigation costs which did not materialise before 31st March 2022.

4 GIA received during 2022-23 includes **£1,169k** which was drawn down to cover potential litigation and other costs which did not materialise before 31st March 2023. This will be repayable as a reduction in 2023-24 payments.

21: Events after the reporting period

The Accounting Officer authorised these financial statements for issue on the date shown on the audit certificate.

On the 27 April 2023, the Gambling Act Review White Paper was published. This includes a number of priorities for the Commission, and work is underway to develop and progress plans for their delivery.

At the end of June 2023, a court hearing was held to determine if a sub-contractor of one of the bidders in the Fourth National Lottery Competition has legal standing to bring a claim against the Commission as a result of the competition. The judgement from the Court in relation to this preliminary issue is not expected until late August or early September 2023.

Annex A

A fairer market and more informed consumers	Planned Completion Date	Status
Publish initial outputs from Consumer Voice programme	14/02/22	Completed
Consultation: Cross Selling	30/09/22	Replanned to next Year – Delayed until the publication of the White Paper

Improve the way we regulate	Planned Completion Date	Status
Intranet redevelopment	31/08/22	Replanned to next year
Scoping of work required to develop Regulatory Returns	31/03/23	Replanned to next year – subsumed into data strategy in 2023/24
Development of our internal MI and Reporting including Board/Exec MI dashboards, impact metrics	31/03/23	Completed
Research data set – Repository of gambling data for use by researchers	31/03/23	Replanned to next year – subsumed into data strategy in 2023/24
Business Improvement – Short term Licence lifecycle support to improve data quality	31/03/23	Replanned to next year – Work continues into 23/23
Development of online confidential reporting	30/09/23	Completed
Development of regulatory systems roadmap	30/11/22	Replanned to next year – dependent on delivery of work planned for 23/24
Accommodation strategy – ascertain future sustainable accommodation requirements and opportunities	01/11/22	Superseded – Initial plans were determined to be unviable
Scoping of a fees review	01/10/23	Replanned to next year – this was reliant on the publication of the white paper
Scoping of financial efficiencies	31/03/24	Replanned to next year – work delayed to the dependency on plans for the delivery of deliverables planned for 23/24
Development of Finance and HR Systems Strategy	31/05/23	Replanned to next year – Decision was taken to separate this into two different strands of work meaning work would continue into 23/24
Carry out a Board Effectiveness Review	31/03/23	Completed
Cloud migration	31/12/23	Replanned to next year – Multiyear deliverables
Phase out fixed line telephony	31/03/23	Completed
Develop leadership capability	31/03/23	Completed – further work will be carried out in 23/24
Improve Equality, Diversity & Inclusion	31/03/23	Completed
Improve performance management capability	31/03/23	Completed
Development of Impact Metrics	31/03/23	Completed
Financial Key Events Reporting	01/08/23	Replanned to next Year – Delayed until the publication of the White Paper
Suicide reporting	01/08/23	Replanned to next Year – Delayed until the publication of the White Paper
Regulatory panels	01/08/23	Replanned to next Year – Delayed until the publication of the White Paper
Reward & Recognition	31/03/23	Replanned to next year – Continues into 23/24

Keep Crime Out of Gambling	**Planned Completion Date**	**Status**
Operationalise and implement the Economic Crime Levy	31/05/25	Replanned to next Year –
Consultation: LCCP change post MLR SI 2022	31/03/23	Replanned to next year – Delayed due to progress from HMT
Report in illegal market	28/02/23	Replanned to next year – Work continues into 23/24
Optimise Returns to Good Causes	**Planned Completion Date**	**Status**
3rd Licence extension	31/07/24	Replanned to next year – Work continues into 23/24
End of 3rd Licence closedown	01/07/23	Replanned to next year – Work continues into 23/24
Delivery of 4th National Lottery Programme – start of the Implementation Phase	15/09/22	Completed
Protecting children and vulnerable people from being harmed by gambling	**Planned Completion Date**	**Status**
Publication of operator information	01/08/23	Superseded
Gambling Management Tools	01/04/24	Replanned to next year – Delayed until the publication of the White Paper
Remote game design	30/12/23	Replanned to next year – Delayed until the publication of the White Paper
Inducements	01/04/24	Replanned to next year – Delayed until the publication of the White Paper
Remote Customer Interaction	N/A	Replanned to next year – Delayed until the publication of the White Paper
Test Purchasing	N/A	Replanned to next year – Delayed until the publication of the White Paper
Engagement with the wider lived experience community	30/11/22	Completed
Review the core processes within the Licensing function	01/05/23	Superseded – This was deprioritised due to deliverable activity planned for 23/24
Credit Safe Procurement	01/03/23	Completed
Single Customer View	31/03/25	Replanned to next year – Work continues into 23/24
GAMSTOP extension	01/08/23	Replanned to next year – Delayed until the publication of the White Paper
PMLs	31/08/23	Replanned to next year – Delayed until the publication of the White Paper
Statutory Statistics Delivery	30/03/23	Completed
Regular Feed of Operator Core Data Project	30/04/23	Replanned to next year – subsumed into data strategy in 2023/24
Statistics improvement programme – new approach to Participation and Prevalence reporting	30/07/23	Replanned to next year – Work continues into 23/24
Evidence Strategy and Plan	30/04/23	Completed

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